

AMOL DICALITE LIMITED

NOMINATION, REMUNERATION AND EVALUATION POLICY

Preamble

The Nomination, Remuneration and Evaluation Policy of Amol Dicalite Limited is designed to attract, motivate and retain human resources; creating a competitive work environment, thus improving productivity; encouraging initiatives leading to personal growth; team work by inculcating a sense of belongingness and involvement and also laying down an appropriate evaluation and reward mechanism.

Definitions

“**Act**” means the Companies Act, 2013 and Rules framed there under, as amended from time to time.

“**Board**” or “**Board of Directors**” means collective body of directors of the Company.

“**Company**” means Amol Dicalite Limited

“**Director**” means a director appointed to the Board of the Company.

“**Independent Director**” means a director referred to in Section 149 (6) of the Act.

“**Key Managerial Personnel**” or “**KMP**” means:

- i. The CEO or the Managing Director or the manger;
- ii. The company secretary;
- iii. The Whole-time director;
- iv. The Chief Financial Officer; and
- v. Such other person as may be prescribed.

“**Nomination and Remuneration Committee**” or “**Committee**” means the Nomination and Remuneration Committee of Board of Directors of the Company, as constituted from time to time, in accordance with the provisions of section 178 of the Act.

“**Policy**” means this policy namely Nomination, Remuneration and Evaluation Policy.

“**Senior Management Personnel**” or “**SMP**” mean employees of the Company who are members of its core management team who are one level below the executive director viz. Chief Financial Officer, Company Secretary, all Vice Presidents, General Managers and Divisions Heads.

Applicable regulatory provisions

This Policy has been formulated for due compliance of Section 178 of the Act, read with rules framed there under.

The Policy & its applicability

This Policy, as formulated below, applies to the Board of Directors, Key Managerial Personnel and Senior Management Personnel of the Company.

1. Purpose

The primary objective of the Policy is to provide a framework and set benchmarks for the nomination, remuneration and evaluation of the Directors, KMP and SMP. The Company endeavors to attain an ideal mix of merit, experience, professional acumen and leadership traits amongst its Directors, KMP and SMP.

2. Accountabilities

The Board delegates the primary responsibility of assessing and selecting candidates to hold the office of Director, KMP and SMP to the Nomination and Remuneration Committee which inter-alia makes nominations/ recommendations for appointment by the Board.

3. Role of the Nomination and Remuneration Committee

The Nomination and Remuneration committee is responsible:

- 3.1 To identify persons who are qualified to become directors, and who may be appointed in senior management positions in accordance with the criteria laid down in the policy;
- 3.2 To formulate criteria for determining qualifications, positive attributes and independence of a director;
- 3.3 To recommend a remuneration policy for the Directors/ KMP/ SMP so appointed/ re-appointed ensuing that level and composition of remuneration is reasonable and sufficient to attract, retain and motivate them and comprises of an ideal balance of fixed and variable compensation that is linked to meeting appropriate performance benchmarks and within the frame work of the said policy, to recommend remuneration for such persons from time to time.
- 3.4 To formulate criteria for evaluation of performance of the independent directors, such evaluation is to be done by the Board (excluding the directors being evaluated);
- 3.5 To formulate criteria for evaluation of performance of the non-independent directors and the Board as a whole, such evaluation is to be done by the independent directors exclusively in their separate meeting;
- 3.6 To formulate criteria for evaluation of the Chairman's performance , to be done by the independent directors exclusively in their separate meeting taking in to account the view of executive directors and non-executive directors;
- 3.7 To recommend to the Board the appointment and removal of directors and senior management;
- 3.8 Succession planning for Directors, KMP and SMP and overseeing the transition process;
- 3.9 To carry out any other function as is mandated by the Board from time to time and/ or required by the statute or any amendment or modification therein, from time to time;

3.10 To perform such order functions as may be necessary or appropriate for the performance of its duties.

4. Appointment of Directors/ KMP/ SMP

4.1 The Nomination and Remuneration Committee while selecting a candidate for nomination to the Board shall first and fore-most evaluate the candidate's contribution in enhancing the competencies of the Board as a whole. When recommending a candidate for nomination for the office of director, the Nomination and Remuneration Committee shall:

- * assess the appointee in the back drop of a range of criteria which among others include his/her qualification, merit, experience, professional acumen and leadership skills, industry experience and other qualities required to operate successfully in that position and the benefits of the diversity in the Board, he/she brings;
- * consider the extent to which appointee is likely to contribute to the overall effectiveness of the Board while working constructively with the existing directors thus enhance the effectiveness of the Company's business.
- * consider further the nature of existing positions held by the appointee including directorship or other relationship and the impact these could have on the appointee's ability to exercise independent judgment; and
- * assess whether the appointee meets the statutory obligations, more so if the nomination is for the position of an independent director and ensure that his/ her independence is not compromised either due to any disability arising out of the requirement of Section 149 read with the rules framed there-under and Schedule IV to the Act or otherwise.

4.2 while selecting a candidate for a position of KMP/SMP, the Nomination and Remuneration Committee shall:

- Assess the appointee in the back drop of a range of criteria which among others include his/her qualification, merit, experience, professional acumen and leadership skills, industry experience and other qualities required to operate successfully in the position considered for.

The criteria discussed above may be listed as:

- Academic Profile
 - Professional qualifications
 - Overall experience
 - Experience in diverse organizations/ industry
 - Demonstrable leadership skills
 - Communication, inter-personal and representational skills
 - Ability to handle conflicting situations and conflict management
 - Commitment to high standard of governance , promotion of equal opportunity for all
- the extent to which appointee is likely to contribute to achieve the overall objectives of the Company, working constructively in tandem with peers.

5. Letters of Appointment

Each Director/KMP/SMP shall be issued a letter of appointment detailing the terms of appointment and the role assigned in the Company.

6. Remuneration of Director, KMP and SMP:

6.1 Guiding Principles

The guiding principal is that the quantum and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate the appointee as Director, KMP and SMP, and shall be commensurate to the academic and professional qualification, overall experience and the responsibilities the appointee is expected to shoulder. Needless to say the Nomination and Remuneration Committee shall also keep in mind the statutory provisions and limiting factors therein while deciding the remuneration of its Directors.

The Nomination and Remuneration Committee shall determine remuneration for Directors, KMP and SMP of the Company individually, primarily taking into account the factors listed in para 4.2 above as also the industry norms, prevailing business environment, financial health of the Company, extant regulatory guidelines or restrictions.

6.2 Remuneration Structure

The overall remuneration payable to the directors of the Company and to the managing director and non-executive directors of the Company are governed by the provisions of Section 197 and 198 of the Act, rules framed there-under and Schedule V to the said Act.

Managing Director/ Whole time Director

The remuneration package of the Managing Director and/or the Whole time Director shall be as per the provisions of Section 197, 198, and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013.

a) Salary:

Ought to be competitive and reflective of the individual's role, responsibility and experience, usually reviewed on an annual basis based on the overall operational & financial performance and financial health of the Company.

Minimum remuneration:

In the event of loss or inadequacy of profits in any financial year during the tenure of the appointment, the Managing Director shall be paid salary and perquisites as set out above, as the minimum remuneration, subject to a ceiling as may be specified in section II of part II of Schedule V of the Companies Act, 2013 from time to time and subject to the approval of the Nomination and Remuneration Committee of the Board or Board of Directors or the Central Government, if so required, in accordance with the provisions of the Act/ Schedule V thereto.

b) Perquisites

Benefits like housing accommodation or allowance in lieu thereof, employer's contribution to provident fund, gratuity, leave travel assistance, medical reimbursement, company car/ telephone etc. which are normally part of remuneration package in line with the market practice.

c) Commission on net profit

Presently, no commission on profit is being paid to Managing Director and/ or Whole time Director due to inadequacy of profit. However, in the future, if possible, a commission on profit not exceeding a specified percentage of net profit as calculated in terms of Section 198 of the Act for the concerned financial year is to be paid which acts as performance linked variable remuneration.

The Nomination and Remuneration Committee may in its discretion, structure any portion of remuneration as rewards linked to corporate and individual performance, fulfillment of specified targets or the attainment of certain financial or other objectives set by the Board. The amount payable is determined by the Committee, based on performance against pre-determined financial or non-financial metrics.

Non-executive Directors

Presently, no remuneration is being paid to the non-executive directors. However, in the future, all non-executive directors including the independent directors collectively may be paid remuneration up to an amount not exceeding 1% of the net-profit of the Company as calculated in terms of Section 198 of the Act for the concerned financial year. The Nomination and Remuneration Committee may set any limit beyond which any such director may not be entitled for remuneration within the overall limit of 1% of the net profit collectively for all such directors. The remuneration payable to individual directors may vary within the limits specified above, based on their individual performance evaluation.

In the meantime, the non-executive directors are only entitled to, and are being paid sitting fees for attending the meetings of the Board and Committees thereof. The sitting fee thus payable shall not exceed the amount as prescribed under the Act from time to time. The sitting fees paid to the independent directors shall not be less than the sitting fees payable to the other directors.

6.3 The Remuneration payable to the KMP shall be decided by the Board based on the recommendations of the Nominations and Remuneration Committee made in view of the factors listed in para 4.2 and guiding principles mentioned in para 6.1 above.

6.4 The Remuneration payable to the SMP shall be decided based on the factors listed in para 4.2 and guiding principles mentioned in para 6.1 above and in overall consonance with this policy.

7. Evaluation of Directors/KMP/SMP

The evaluation of the Directors, KMP and SMP of the Company shall be conducted annually.

The criteria for evaluating the performance of persons belonging to each of the categories namely, Directors, KMP and SMP are listed below:

Chairman

- Leadership abilities
- Stewarding the Board and Shareholders' meeting
- Ensuring dissemination of timely, regular and adequate material information to the Board and the shareholders
- Whether he encourages other Board members to share their views
- Moderation of conflicting views
- Conducting meetings in an un-biased manner, giving adequate and fair representation to all at the meeting as well as while recording minutes of the proceedings

Managing Director/ Whole-time Director

- Leadership abilities
- Contribution to define and achieve Corporate Objectives
- Overall operational and financial performance of the Company
- Mitigation of significant risks
- Adherence of internal controls systems
- Corporate Governance and Legal Compliance Matrix
- Timely, regular and adequate dissemination of material information to the Board
- Communication of expectations and concerns with KMP & SMP
- Strategic planning aimed at sustainable growth of the Company

Independent Directors/ Other Non-executive Directors

- Contribution towards enhancing Board's competency
- Leadership abilities
- Contribution to define and achieve Corporate Objectives
- Contribution towards strengthening internal control system, Corporate Governance and Legal Compliance environment
- Contribution towards strategic planning for the growth of the Company
- Attendance at the Board/ Committee meetings and participation there-at
- Contribution as a balancing force for the protection of all stakeholders' interest (Exclusively for independent directors)

KMP/SMP

- Professional knowledge and acumen
- Ability to lead his team
- Contribution towards achieving Corporate Objectives
- Contribution towards overall operational and financial performance of the Company.
- Adherence of standard operating procedures and internal control systems
- Maintaining Governance, Legal Compliance environment and ethical behaviour
- Personal integrity, honesty and probity
- Timely, regular and adequate dissemination of material information to the Board and Managing Director

- Constantly assess, evaluate and upgrade existing policies, structures and procedures to meet future challenges
- Cost consciousness
- Ability to handle conflicting situations and conflict management
- Commitment to the promotion of equal opportunities for all
- Ability to work constructively in tandem with peers

Evaluation of the Chairman's performance shall be done by the independent directors exclusively in their separate meeting taking into account the views of executive directors and non-executive directors, based on the relevant parameters detailed above.

Evaluation on the aforesaid parameters will be conducted by the Independent Directors for the Managing / Whole-time Director and each of the Non-independent Directors in a separate meeting of the Independent Directors.

The Board will evaluate each of the Independent Directors on the aforesaid parameters. However, the Independent Director being evaluated at a given time shall not participate in the discussions at the relevant time.

8. Evaluation of the Board

The Independent Directors shall evaluate the functioning of the Board annually in their separate meeting. The parameters for evaluating the Board shall be as under:

- Could the Board lay down the Corporate Objectives clearly and effectively?
- Could the Board provide a distinct direction for growth foreseeing the future trends in the industry?
- Could the Board visualize significant risks and future challenges?
- Could the Board ensure achievement of annual targets and projected financial results/performance?
- Could the Board plan strategically for the sustained growth of the Company?
- Could the Board ensure Board diversity?
- Could the Board ensure compliance with Corporate Governance, Company's Policies and Code of Conduct at all levels?

9. Removal

In case a director, KMP or SMP suffers from any disqualification mentioned in the Act or under any other statute or regulations; or under the Articles of Association or the Code of Conduct or any other policy of the Company, the Committee may recommend to the Board with reasons recorded in writing, to remove a Director, KMP or SMP subject to a fair and equitable opportunity being provided to the said person to explain his position.

10. Retirement

The Director, KMP or SMP shall retire as per the applicable provisions of the Act and the prevailing policies of the Company. However, the Board shall have the discretion to extend or retain the services of such Director, KMP or SMP in the same position and remuneration or otherwise even after his attaining the age of retirement for the benefit of the Company.

11. Composition of the Nomination and Remuneration Committee & conduct of its meeting

The Committee as constituted by the Board comprise of three Independent Non-executive Director. The Committee is chaired by one of the independent non executive director. In the absence of the Chairman, the members of the Committee present at the meeting elects one amongst themselves to act as the Chairman of the meeting.

The Committee meets as and when required to attend to its business and that any two members constitute a quorum for the Committee meetings.

Proceedings of all meetings are minuted and signed by the Chairman of the Committee. Minutes of the Committee meeting are tabled at the subsequent Committee meeting for confirmation and are also placed before the Board meeting held immediately after such committee meetings.

Other provisions relating to the conduct of the Board meetings of the Company applies mutatis mutandis to the Committee meetings.

The Committee may invite such executives, as it considers appropriate, to be present at the meeting of the Committee.

12. Review and Amendment

The Committee or the Board may review, amend or re-state this Policy as and when it deems necessary. The Committee may supplement this Policy by issuing guidelines, procedures, formats, reporting mechanism etc. for its better implementation.

13. Deviations from the Policy

The Board, in extraordinary circumstances and on the recommendations of the Committee, may take decisions in deviation of this policy in the interests of the Company.