

ANMOL INDUSTRIES LIMITED



NOMINATION AND REMUNERATION POLICY

FOR THE MEMBERS OF BOARD, KEY MANAGERIAL PERSONNEL
AND SENIOR MANAGEMENT PERSONNEL

ANMOL INDUSTRIES LIMITED
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Documentation Validation Note

Anmol Industries Limited (AIL), a limited company incorporated under the Companies Act, 1956 (now within the meaning of Companies Act, 2013) and having its registered office at 229, A. J. C. Bose Road, 3rd Floor, Crescent Tower, Kolkata - 700020 has formulated and adopted the Nomination and Remuneration Policy, Version 2.0 in terms of the mention of a Policy in Section 178(3) of the Companies Act, 2013 (Act) read with Rule 6 of The Companies (Meetings of Board and its Powers) Rules, 2014.

Section 178(9) of the Act requires the Company to constitute the Nomination and Remuneration Committee consisting of 3 or more non-executive directors out of which not less than one-half shall be independent directors.

Accordingly, the Nomination and Remuneration Committee in its first meeting held on 20.06.2015 reviewed the draft Policy and after perusal, the same was recommended to the Board of Directors of the Company for approval and adoption. The Board of Directors at its meeting held on 24.02.2018 approved and adopted the said Policy.

Title	Particulars
Reviewing Authority	Nomination and Remuneration Committee of Directors
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1. LEGAL PROVISIONS:

Section 178(1) of the Companies Act, 2013 read with Rule 6 of The Companies (Meetings of Board and its Powers) Rules, 2014 provides that the Board of Directors of every listed company and the following classes of companies shall constitute the Nomination and Remuneration Committee consisting of 3 or more non-executive directors out of which not less than one-half shall be independent directors:

- (i) all public companies with a paid up capital of ten crore rupees or more;
- (ii) all public companies having turnover of one hundred crore rupees or more;
- (iii) all public companies, having in aggregate, outstanding loans or borrowings or debentures or deposits exceeding fifty crore rupees or more.

The Company is not a listed company but other than that it hits all the benchmark limits and hence the applicability to constitute a Nomination and Remuneration Committee arises and thereby the Policy.

Section 178(2) provides that the Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.

Section 178(3) provides that the Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

Section 178(4) mentions that the Nomination and Remuneration Committee shall, while formulating the policy ensure that-

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Proviso to Section 178(4) mentions that such policy shall be disclosed in the Board's Report.

2. **POLICY:**

The Nomination and Remuneration Policy provides a framework for remuneration to be paid to the members of the Board of Directors (Board), Key Managerial Personnel (KMP) and the Senior Management Personnel (SMP) of the Company (collectively referred to as “**Executives**” apart from the Non-Executive Directors and the Independent Directors).

This Policy shall not be a substitute for other formal arrangements and procedures established in this regard.

3. **APPLICABILITY:**

- Members of the Board of Directors (Executive and Non Executive);
- Key Managerial Personnel;
- Senior Management Personnel;

4. **DEFINITION:**

- a) ‘**Act**’ means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
- b) ‘**Board of Directors**’ or ‘**Board**’ means the collective body of the Directors of the Company.
- c) ‘**Committee**’ means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board from time to time by way of resolution.
- d) ‘**Company**’ means Anmol Biscuits Limited, a Company constituted under the provisions of Companies Act, 1956 (now within the meaning of Companies Act, 2013).
- e) ‘**Key Managerial Personnel**’ means
 - (i) the Chief Executive Officer or the Managing Director or the Manager;
 - (ii) the Company Secretary;
 - (iii) the Whole-Time Director;
 - (iv) the Chief Financial Officer; and
 - (v) such other officer as may be prescribed by the Rules from time to time.
- f) ‘**Senior Management Personnel**’ for this purpose shall mean personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of the management just one level below the executive director(s), including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013, as may be amended from time to time, shall have the meaning respectively assigned to them therein.

5. AIMS & OBJECTIVES:

The aims and objectives of this Policy may be summarized as follows:

- 5.1 To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate highly qualified members for the Board and one level below the Board.
- 5.2 To enable the Company to provide a well-balanced compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations.
- 5.3 To ensure that the interests of Board Members & Senior Executives are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the Company.

6. PRINCIPLES OF REMUNERATION:

- 6.1 Transparency: The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.
- 6.2 Internal equity: The Company shall remunerate the Board Members, KMP and Senior Management in terms of their roles within the organization. Positions shall be evaluated to determine their relative weight in relation to other positions within the Company.
- 6.3 External equity: The Company will remain logically mindful of the ongoing need to attract and retain high quality people and the influence of external remuneration pressures. Reference to external market norms will be made to support and guide the Company's remuneration practices at that time.
- 6.4 Performance-Driven Remuneration: The Company may also establish a culture of performance driven remuneration, wherever conducive.
- 6.5 Affordability and Sustainability: The Company shall ensure that remuneration is affordable on a sustainable basis.

7. NOMINATION AND REMUNERATION COMMITTEE:

7.1 Membership

- a) The Board shall constitute this Committee.
- b) The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- c) Minimum 2 members, including at least 1 independent director, shall constitute a quorum for the Committee meeting.
- d) Term of the Committee shall be continued unless the requirement of the same is relaxed under the provisions of the Act.

7.2 **Chairperson**

- a) Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Committee but shall not Chair such Committee (proviso to section 178(1)).
- b) Chairperson of the Committee or, in his absence, any other member of the Committee authorized by him in this behalf, shall attend the general meetings of the Company (section 178(7)).

7.3 **Frequency of meetings**

The meetings of the Committee shall be held at such intervals as may be required and decided by Committee Members.

7.4 **Duties of the Committee:**

The duties of the Committee include (this is an inclusive list):

- a) Formulating framework and/or policy for remuneration, terms of employment and any changes, including service contracts etc. and reviewing it as and when necessary.
- b) Formulating criteria for determining qualifications, positive attributes and independence of Directors.
- c) Identifying persons who are qualified to become Directors.
- d) Identifying persons who may be appointed in Senior Management in accordance with the criteria laid down in this Policy and recommend to the Board their appointment and removal.
- e) Formulating criteria for evaluation of performance of Directors.
- f) As a support to the Board and the Individual Directors, formulating criteria for evaluation of the Board and its Committees.
- g) Evaluation of every Director's performance.

7.5 The Committee shall:

- a) Review the ongoing appropriateness and relevance of the policy.
- b) Ensure that all provisions regarding disclosure of remuneration are fulfilled.
- c) Obtain up-to-date information about remuneration in other companies.
- d) Ensure that no Director or Executive is involved in any decisions as to their own remuneration.
- e) On need basis, review the terms of executive Directors' service contracts from time to time.

7.6 Without prejudice to the generality of the terms of reference of the Committee, as set out above, the Nomination and Remuneration Committee shall:

- a) Operate the Company's share option schemes (if any) or other incentives schemes (if any) as applicable. It shall recommend to the Board the total amount of any grants payable to employees (with the specific grants to individuals to be at the discretion of the Board) and make amendments to the terms of such schemes (subject to the provisions of the schemes relating to amendment);
- b) liaise with the trustee/custodian of any employee share scheme which is created by the Company for the benefit of employees or Directors;

8. PROCEDURE FOR SELECTION AND APPOINTMENT OF THE BOARD MEMBERS:

- a) The Committee, along with the Board, shall review, as and when necessary, appropriate skills, characteristics and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience in business, government, academics, technology and in areas that are relevant for the Company's local and global operations.
- b) In evaluating the suitability of individual Board members, the Committee takes into account many factors, including general understanding of the Company's business dynamics, experience, business understanding, educational and professional background, personal achievements.
- c) Director should possess the highest degree of ethics, integrity and values. They should be able to balance the legitimate interest and concerns of all the Company's stakeholders in arriving at decisions.
- d) In addition, Directors must be willing to devote sufficient time and energy in carrying out their duties and responsibilities effectively. They must have the aptitude to critically evaluate management's working as part of a team in an environment of collegiality and trust.

9. PROCEDURE FOR SELECTION AND APPOINTMENT OF KEY MANAGERIAL PERSONNEL(S) (KMPs) & SENIOR MANAGEMENT PERSONNEL(S) (SMPs):

1. Eligibility criteria

- a) The eligibility criteria for appointment of Key Managerial Personnel(s) (KMPs) & Senior Management Personnel(s) (SMPs) and continuity thereof shall include integrity and ethics, in addition to possessing qualification, expertise, experience and special competencies relevant to the position for which such executive is being or has been appointed.

- b) Any candidate being considered for such appointment should be willing to comply with the '*Code of Business Conduct*' of the Company and other applicable policies, in force from time to time

2. **Procedure for selection**

- a) The Chairman/ Managing Director of the Company is authorized to make appointment and removal of Key Managerial Personnel(s) (KMPs) & Senior Management Personnel(s) (SMPs) based on the Company's HR Policy.
- b) The details of the candidate such appointed shall be forwarded to the Nomination and Remuneration Committee for their review and suggestions. The same shall be forwarded to the Board for its noting.
- c) The Committee shall review the terms of such appointment on the basis of 'eligibility criteria' referred to herein above and refer to such inquiries and background checks as it may deem appropriate.
- d) The professional, academic qualifications, professional titles, detailed work experience and all concurrently held positions of the candidates shall be compiled as a written document.
- e) The Committee may also make recommendations to the Management for appointment of Key Managerial Personnel(s) (KMPs) & Senior Management Personnel(s) (SMPs).
- f) The Committee may also identify potential candidates through referrals and recommendations from past and present members of the Board or from such other sources as it may deem fit and proper.
- g) The Committee may also actively liaise with the relevant departments of the Company to study the requirement for management personnel and produce a written document thereon.
- h) The Committee shall carry out other follow-up tasks based on the decisions of and feedback from the Board of Directors.

10. **COMPENSATION STRUCTURE:**

(1) **Remuneration to Non-Executive Directors/ Independent Directors**

The Non-Executive Directors/Independent Directors of the Company are paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors and its Committees. The said sitting fees paid to the Non-Executive Directors/ Independent Directors for the Board Meetings and Committee meetings are fixed by the Board and reviewed from time to time in accordance with applicable law.

The Non-Executive Directors/Independent Directors may also be paid such commission as the Board may approve from time to time subject to the limits prescribed in the Act or Rules made there under and any other approvals, as may be required.

(2) **Remuneration to Executive Directors, Key Managerial Personnel(s) (KMPs) & Senior Management Personnel(s) (SMPs):**

The Company has a credible and transparent framework in determining and accounting for the remuneration of Managing Director/Whole Time Director (MD/WTDs), Key Managerial Personnel(s) (KMPs) and Senior Management Personnel(s) (SMPs). Their remuneration are governed by the external competitive environment, track record, potential, individual performance and performance of the Company as well as industry standards.

The remuneration determined for MD/WTDs are approved by the Board of Directors and Members at the very next general meeting of the Company and by the Central Government in case such appointment is at variance to the conditions specified in Schedule V of the Companies Act, 2013.

As a policy, the Executive Directors are not to be paid any sitting fee.

11. REVIEW AND AMENDMENTS:

The Nomination & Remuneration Committee or the Board may review and amend the Policy as and when it deems necessary.

12. APPROVAL AND PUBLICATION:

- a) The Nomination and Remuneration Policy as framed and/or reviewed by the Committee shall be recommended to the Board of Directors for its approval.
- b) This policy shall be hosted on the Company's website.
- c) The policy or the gist thereof shall form part of Director's report to be issued by the Board of Directors.
