

ANMOL INDUSTRIES LIMITED



NOMINATION AND REMUNERATION POLICY

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

As approved by the Board of Directors on 20.06.2015, 2nd revised on 24.02.2018 and 3rd revised
on 31.08.2022

ANMOL INDUSTRIES LIMITED

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Documentation Validation Note

Anmol Industries Limited ('**AIL/ Company**'), has formulated and adopted the Nomination and Remuneration Policy, Version 3.0 in terms of Section 178(3) of the Companies Act, 2013 ('**Act**') read with Rule 6 of The Companies (Meetings of Board and its Powers) Rules, 2014 ('**MBP Rules**').

Section 178(1) 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 on 20.06.2015. The Board of Directors at its meeting held on 24.02.2018 approved and adopted the v2 of the Policy.

The Policy was subsequently reviewed by the Nomination and Remuneration Committee in its meeting held on 31.08.2022 and the draft Policy, post changes pursuant to review, was thereafter recommended to the Board of Directors of the Company for approval and adoption. The same was approved and adopted on 31.08.2022.

Title	Particulars
Reviewing Authority	Nomination and Remuneration Committee of Directors
Approving Authority	Board of Directors of the Company
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Review Cycle	As mentioned in the Policy/ As considered necessary

Contents

1. LEGAL PROVISIONS:4

2. APPLICABILITY:5

3. DEFINITION5

4. AIMS & OBJECTIVES5

5. PRINCIPLES OF REMUNERATION6

6. NOMINATION AND REMUNERATION COMMITTEE.....6

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

8. PROCEDURE FOR SELECTION AND APPOINTMENT OF KEY MANAGERIAL PERSONNEL(S) (KMPs) & SENIOR MANAGEMENT PERSONNEL(S) (SMPs):8

9. COMPENSATION STRUCTURE9

10. REVIEW AND AMENDMENTS.....10

11. APPROVAL AND PUBLICATION.....10

12. CRITERIA FOR EVALUATION OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS.....10

1. LEGAL PROVISIONS:

Section 178(1) of the Act read with Rule 6 of the MBP Rules provides that the Board of Directors of every listed company and the following classes of companies shall constitute the Nomination and Remuneration Committee ('NRC') 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, debentures and deposits, exceeding fifty crore rupees.

The Company is unlisted public company meeting all the limits and hence, constitution of an NRC is applicable on it.

Section 178(2) of the Act provides that the NRC 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 specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the NRC or by an independent external agency and review its implementation and compliance.

Section 178(3) of the Act provides that the NRC 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) of the Act mentions that the NRC 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. APPLICABILITY:

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

3. 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 the 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 Industries Limited, a Company constituted under the provisions of Companies Act, 1956 (now within the meaning of Companies Act, 2013).
- e) **‘Executive’** means:
 - (i) Members of the Board of Directors (excluding Non-Executive Directors and Independent Directors)
 - (ii) Key Managerial Personnel.
- f) **‘ID’** means the Independent Directors appointed by the Company under the provisions of Section 149(6) of the Act.
- g) **‘Key Managerial Personnel or KMP’** 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 Act from time to time.
- h) **‘NED’** shall mean the Non-Executive Directors of the Company and includes any director other than the Executives and IDs.

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

4. AIMS & OBJECTIVES:

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

- a. 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.
- b. To enable the Company to provide a well-balanced compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations.
- c. To ensure that the interests of Board Members & Executives are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the Company.

5. PRINCIPLES OF REMUNERATION:

- a. Transparency: The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.
- b. 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.
- c. 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.
- d. Performance-Driven Remuneration: The Company shall also establish a culture of performance driven remuneration, wherever conducive.
- e. Affordability and Sustainability: The Company shall ensure that remuneration is affordable on a sustainable basis.

6. NOMINATION AND REMUNERATION COMMITTEE:

a. Membership

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

b. Chairperson

- a) Chairperson of the Committee shall either be decided by the Board or by the Committee Members amongst themselves.
- b) 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)).
- c) Chairperson of the Committee or, in his/her absence, any other member of the Committee authorized by him in this behalf, shall attend the general meetings of the Company (section 178(7)).

c. Frequency of meetings

The meetings of the Committee shall be held at such intervals as may be required and decided by Committee Members, subject to a minimum of one meeting every financial year or as may be required under applicable provisions of law.

d. 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 performance of Board, its committees and individual directors.

The Committee shall, in addition to the duties above-mentioned:

- 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 for similar positions in other companies in the same industry.
- d) Ensure that no Director or Executive is involved in any decisions as to their own remuneration at the level of the Committee or the Board. e) On need basis, review the terms of Executive Directors' service contracts from time to time.

Without prejudice to the generality of the terms of reference of the Committee, as set out above, the NRC 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;

7. 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 in the Board as a whole and in its individual members. The objective is to have a Board with diverse background and experience in business, government, academics, technology and in other 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 etc.
- 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.

8. PROCEDURE FOR SELECTION AND APPOINTMENT OF KEY MANAGERIAL PERSONNEL(S) (KMPs):

1. Eligibility criteria

- a) The eligibility criteria for appointment of Key Managerial Personnel(s) (KMPs) 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 KMP 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 appointment and removal of KMPs shall be decided by the Board, based on the recommendation of the Committee.
- b) The details of the candidate being considered for appointment shall be forwarded to NRC for their review and recommendations. The same shall be forwarded to the Board for its noting. However, in case of KMPs, the approval of the Board shall be required instead of mere 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 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.
- f) The Committee may also actively liaise with the relevant departments of the Company to study the requirement for SMP and produce a written document thereon.
- g) The Committee shall carry out other follow-up tasks, related to its duties, based on the decisions of and feedback from the Board.

9. **COMPENSATION STRUCTURE:**

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

- a. The NEDs/IDs of the Company should be paid remuneration by way of sitting fees for attending the meetings of the Board and its Committees. The said sitting fees paid to the NEDs/IDs for the Board Meetings and Committee meetings are fixed by the Board, on the recommendation of the Committee and reviewed from time to time in accordance with applicable law.
- b. The maximum sitting fees payable for each meeting shall not exceed Rs. 1 lac per meeting per director.

- c. Sitting fees payable to IDs and women directors shall not be less than sitting fees payable to other directors (Executives and NEDs).
- d. The NEDs/ IDs 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 read with Schedule V of the Act and any other approvals, as may be required.
- e. IDs shall not be entitled to any stock options of the Company unless permission for the same is expressly provided under the applicable laws.

(2) Remuneration to Executives:

- a. The Company has a credible and transparent framework in determining and accounting for the remuneration of Executives. Their remuneration are governed by the external competitive environment, track record, potential, individual performance and performance of the Company as well as industry standards.
- b. The remuneration determined for MD/WTDs are to be approved by the Board of Directors and Members at the very next general meeting of the Company as per the provisions of Section 196 & 197 of the Act together with other applicable provisions, if any.
- c. As a policy, the Executive Directors are not to be paid any sitting fee.

10. REVIEW AND AMENDMENTS:

The NRC or the Board may review and amend the Policy as and when it deems necessary. Any amendment in the Policy will require approval of both NRC and Board. In case of amendments in the applicable laws, the Policy shall stand amended accordingly till the time the Policy has been expressly amended.

11. APPROVAL AND PUBLICATION:

- a) The 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.

12. CRITERIA FOR EVALUATION OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS:

The criteria for evaluating the performance of Board, its committees and individual directors has been provided as **Annexure 1**.

Signature of the Chairperson of the Committee:	Signature of one Member of the Committee: