



EMMSONS INTERNATIONAL LIMITED

NOMINATION AND REMUNERATION POLICY

PREAMBLE:

Pursuant to the provisions of section 178 of the companies Act 2013 read with rule 6 of companies (Meeting of Board and its powers) rules 2014 the Board of directors of every listed company shall constitute the nomination and remuneration committee consisting of three or more non executive director out of which no less than one half shall be independent director. The Board has already constituted its remuneration committee comprising of non- executive independent directors. In order to align with the provisions of the companies act, 2013 and rules made there under the board in its meeting held on 30th May 2014 has changed the nomenclature of the Remuneration Committee to Nomination and Remuneration Committee. The Nomination and Remuneration Committee shall determine the criteria of appointment to the Board and is vested with authority to identify candidates for appointment to the Board and evaluate their performance. This policy has been formulated by Nomination and Remuneration Committee and approved by the Board of Directors in compliance with section 178 of the Companies Act, 2013 read with rule 6 of Companies (Meeting of Board and its powers) rules 2014.

Objectives:

The primary objective of the policy is to provide a framework and set standards for nomination, remuneration and evaluation of Directors, key Managerial Personnel and officers comprising the senior management. The company aims to achieve a balance of merit, experience and skills amongst its Directors, key managerial personnel and senior management.

The main objective of the policy and committee includes the following:

To guide and recommend to the board in relation to appointment and removal of directors key managerial personnel and senior management personnel.

To formulate the criteria for determining qualification, positive attributes and independence of a Director and recommendation to the Board on the remuneration payable to directors, key managerial personnel and officials in Senior Management of the Company.

Formulating the criteria for evaluation of the performance of Directors, as well as key managerial and senior management personnel.

To guide on providing reward to directors, key managerial personnel and senior management directly linked to their efforts, performance, dedication and achievement relating to the company's operations.

To retain, motivate and promote talent and to ensure long term sustainability of talented managerial personnel and create competitive advantage.

To develop a succession plan for the Board Member, key managerial personnel and senior management and to regularly review the plan.



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Definitions :

“**Board**” means Board of Directors of the Company.

“**Company**” means ‘Emmsons International Limited’

“**Independent Director**” means a director referred to in Section 149(6) of the Companies Act, 2013.

“**Key Managerial Personnel**” (KMP) means :

- (i) Managing Director or Chief Executive Officer or Manager.
- (ii) Whole Time Director.
- (iii) Company Secretary.
- (iv) Chief Financial Officer.

“**Nomination and Remuneration Committee**” shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Company Act, 2013.

“**Policy**” shall mean **Nomination and Remuneration Policy**.

“**Remuneration**” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income Tax Act, 1961.

“**Senior Management**” mean personnel of the Company who are members of its core management term excluding Board of Directors. This would include all members of management one level below the Executive Directors, including all the functional heads.

Applicability:

The Policy shall be applicable to all the Directors (Executive and Non – Executive), Key Managerial Personnel and Senior Management Personnel of the Company.

Policy for appointment and removal of Director, KMP and Senior Management:

i. **Appointment Criteria and Qualifications :**

- The Nomination and Remuneration Committee (“Committee”) shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP and at Senior Management level and recommended to the Board his/her appointment.
- A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient/ satisfactory for the concerned position.



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- The Company shall not appoint or continue the employment of any person as Managing Director/ Whole Time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on explanatory statement annexed to the notice for such motion including the justification for extension of appointment beyond the seventy years.

ii. Term/ Tenure :

- Managing Director, Whole Time Director and Executive Director

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director, Whole Time Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

- An Independent Director shall hold office for a term upto five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board Report. No Independent Director shall hold office for more than two consecutive terms of maximum of 5 years each, but such Independent Directors shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not during the said period of three years be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

Evaluation / Assessment of Directors/ KMPs/ Senior Officials of the Company :

The evaluation / assessment of Directors, KMPs and the Senior Officials of the Company is to be conducted on time to time basis by the Committee.

The following criteria may assist in determining how effective the performances of Directors/ KMPs/ Senior Officials have been :

- Leadership & Stewardship abilities.
- Contributing to clearly define corporate objectives & plans.
- Communication of expectations & concern clearly with subordinates.
- Obtain adequate, relevant & timely information from external sources.
- Review & approval of achievement of strategic and operational plans, objectives , budgets.
- Regular monitoring of corporate results against projections.
- Identify, monitor & mitigate significant corporate risks.
- Assess corporate policies, structure & procedures.



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- Director, monitor & evaluate KMP's, Senior Officials.
- Review management's succession plan.
- Effective meetings for corporate purposes.
- Assuring appropriate board size, composition, independence, structure.
- Clearly defining roles & monitoring activities of committees.
- Review of corporation's ethical conduct.

Evaluation on the aforesaid parameters will be considered by the Independent Directors for each of the Executive /Non Executive /Non Independent Director in a separate meeting of the Independent Director.

The Executive Director/ Non Independent Director alongwith the Independent Directors will evaluate /assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion.

Removal :

Directors/KMP:

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend to the Board with reasons the removal of Director, KMPs subject to the provisions and compliance of the Company's Act, rules and regulations.

Senior Management:

The removal will be governed by Company's HR Policy and the subsequent approval of Managing Director.

Retirement :

The Director, KMPs and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing HR Policy of the Company. The Board will have the discretion to retain the Director, KMPs, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company, subject to applicable laws.

Remuneration :

The guiding principle is that the level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate Directors, Key Managerial Personnel and other Senior Management Officials.

The Directors, Key Managerial Personnel and other Senior Management Official's salary shall be based & determined on the basis of person's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any.



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The Nomination and Remuneration Committee determines remuneration packages for Directors, KMP's and Senior Management Officials of the Company taking into account factors it deems relevant, including but not limited to market conditions, business performance, prevailing laws and other guidelines.

i. Remuneration to Executive Directors :

- Section 197 of the Companies Act, 2013 provides for the total managerial remuneration payable by the Company to its Directors, including Managing Director and Whole Time Director, and its Manager in respect of any financial year shall not exceed eleven percent of the net profits of the Company computed in the manner laid down in section 198 of the Companies Act, 2013.
- The Company with the approval of the shareholders and Central Government may authorized the payment of remuneration exceeding eleven percent of the net profits of the Company, subject to the provisions of Schedule V.
- The Company may with the approval of the shareholders authorized the payment of remuneration upto five percent of the net profit of the Company to its anyone Managing Director / Whole Time Director/ Manager and ten percent in case more than one such official.
- The Company may pay remuneration to its Directors, other than Managing Director and Whole Time Director upto one percent of the net profit of the Company, if there is a Managing Director or Whole Time Director or Manager and three percent of the net profits in any other cases.
- The net profit for the purpose of the above remuneration shall be computed in the manner referred to in Section 198 of the Companies Act 2013.

ii. Remuneration / Sitting Fee to Non Executive/ Independent Director :

The Independent Directors shall not be entitled to any stock option of the Company. The Non Executive / Independent Directors may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purposes as may be decided by the Board and profit related commission as may be approved by the shareholders.

iii. Remuneration to Key Managerial Personnel

The remuneration payable to Key Managerial Personnel and to the officials in Senior Management shall be decided by the Board/ Committee having regard to the provisions of Act, Policy of the Company and their experience, Leadership abilities, initiative taking abilities and knowledge base.



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Duties of the Committee in relation to Nomination matters :

- Ensuing that on appointment to the Board, Non Executive/ Independent Directors receive a formal letter of appointment as per the provision of the Companies Act, 2013.
- Identifying and recommending Directors who are to be put forward for retirement by rotation.
- Determining the appropriate size, diversity and composition of the Board as per the provisions of the Companies Act, 2013.
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board.
- Developing a succession plan for the Board and Senior Management and reviewing the plan from time to time.
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective.
- Recommend necessary changes to the Board
- Considering any other matters as may be assigned by the Board.

Duties of the Committee in relation to Remuneration matters :

- To consider and determine the remuneration based on the principles of (a) pay for responsibilities (b) pay for performance and potential.
- To pay for growth and ensure that the remuneration fixed is reasonable and sufficient to attract, retain and motivate the Directors, KMP's and Officials in Senior Management.
- To take into account financial position of the Company, qualification, experience, past performance, past remuneration etc
- To consider other factors as the Committee shall deem appropriate for elements of the remuneration of the members of the Board and ensure compliance of provision of Companies Act and other laws.



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- To ensure that a balance is maintained between fixed and variable pay reflecting short and long term performance objectives appropriate to the working of the Company in the remuneration of Directors, KMP's and Senior Management
- To consider any other matters as may be assigned by the Board.

Review and Amend

- The Committee or the Board may review the policy as and when it deems necessary.
- The Committee may issue the guidelines, procedures, format, reporting mechanism and manual in supplement and better implementation to this policy, if it thinks necessary.
- The Company reserves the rights to modify, add or amend any of these policy rules/ guidelines any time.