

NIDHI GRANITES LIMITED

NOMINATION AND REMUNERATION POLICY

INTRODUCTION

Pursuant to Section 178 of the Companies Act, 2013 the Nomination and Remuneration Committee has formulated Nomination and Remuneration Policy (hereinafter named as “the policy”).

The objective of the policy is to formulate the criteria for determining qualifications, experience, positive attributes for appointment of Directors, Key Managerial Personnel's (hereinafter named as “KMP'S”) and other employees & to ensure that the Directors, KMP'S and other Employees are sufficiently compensated for their performance & contribution.

EFFECTIVE DATE

The policy has been formulated by Nomination and Remuneration Committee and adopted by Board of Directors through Circular Resolution by all the Directors on August 09, 2014. The policy shall be operational with immediate effect.

DEFINITIONS

- **Company:-** Company means Nidhi Granites Limited.
- **Director:-** Director means Directors of the Company.
- **Independent Director:-** Independent Director as provided under section 149 of the Companies Act, 2013 & Clause 49 of the Listing Agreement. Independent Director shall be a non-executive director.
- **Board:-** Board means Board of Directors of the Company.
- **Committee:-** Committee means Nomination and Remuneration Committee of the Company constituted or Re-constituted by the Board.
- **Key Managerial Personnel:-** Key Managerial Personnel means-
 - i. the Chief Executive Director or the Managing Director or the Manager;
 - ii. the Company Secretary;
 - iii. the Whole time Director or Executive Director;
 - iv. the Chief Financial Officer.
- **Senior Management:-** Senior Management means personnel of the Company one level below the Board.

CRITERIA FOR SELECTION & REMUNERATION OF DIRECTORS

- Directors must possess relevant qualification and experience in Accounts, Law, Finance, Sales, Management, Technical operations related to the business of the Company;
- Director shall possess the highest level of professional integrity and ethical behaviour;

- Director must be willing to devote sufficient time and energy in carrying out his duties and responsibilities;
- Independent Director shall meet all the criteria specified in Section 149(7) of the Companies Act, 2013 and Clause 49 of the Listing Agreement;
- The Remuneration of Executive Directors shall be according to Section 197, 198 of the Companies Act, 2013 & Schedule V of the Companies Act, 2013;
- Executive Directors shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of Committee. The Break up of the Cost to Company (CTC) shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders in general meeting & by Central Government wherever applicable.
- The Committee shall recommend to the Board the increase in remuneration of Executive Directors based on their performance viz a viz targets set for them and on the net profits of the Company. Shareholders and Central Government approval shall be obtained wherever required;
- Annual Increments shall be effective April 01 each year;
- Remuneration paid to Executive Directors shall be determined keeping in view industry standards.
- Non-Executive Directors to be paid fixed Sitting Fees for attending Board and Committee Meetings;
- Non-Executive & Executive Directors shall be paid fixed percentage of commission on Net Profits after obtaining approval from shareholders in general meeting;
- Independent Directors shall not be entitled to any stock option of the Company.

CRITERIA FOR SELECTION & REMUNERATION OF KMP AND SENIOR MANAGEMENT

- KMP & Senior Management personnel must possess relevant qualifications 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 candidate is sufficient/satisfactory for the concerned position;
- The Committee authorises Managing Director for selection of KMP & Senior Management personnel and to get approval from Committee for appointment of such personnel;
- The Managing Director shall finalise remuneration of the candidate selected.
- The remuneration of KMP and Senior Management Personnel shall be according to Section 197 & 198 of the Companies Act, 2013 & Schedule V of the Companies Act, 2013;

- KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of Committee. The Break up of the Cost to Company (CTC) shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders in general meeting & by Central Government wherever applicable.
- The Committee shall recommend to the Board the increase in remuneration of KMP & Senior Management Personnel based on their performance viz a viz targets set for them;

Introduction

In terms of the provisions of the Companies Act, 2013 and the listing agreement as amended from time to time this policy of nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors.

Objectives

- Formulate criteria and terms and conditions with regard to person who are qualified to become Directors, Key Managerial Personnel, Senior Management Personnel and to determine their remuneration.
- Formulate criteria for evaluation of Directors, Key Managerial Personnel and Senior Management Personnel.
- Recommending to the Board, appointment and/or removal of Directors, Key Managerial Personnel, Senior Management Personnel.

Effective Date of Implementation

This policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Director's at its meeting held on August 09, 2014. The policy shall be operative with immediate effect.

Definitions

Company: Company means Nidhi Granites Limited.

Directors: Directors means the Directors of the Company whether executive or Non-Executive.

Board: Board means Board of Directors of the Company.

Committee: Committee means the Nomination and Remuneration Committee of the Company constituted by the Board.

Independent Director: A director mentioned under clause 49 of the Listing Agreement and Section 149 of the Companies Act, 2013 & who is a non-executive Director other than a nominee director appointed by the Banks, Financial Institutions.

Key Managerial Personnel: Key Managerial Personnel (hereinafter named as KMP) according to section 2(51) of the Companies Act, 2013, in relation to company, means-

- i) Chief Executive Officer or the Managing Director or the Manager;
- ii) Company Secretary;
- iii) Whole time Director;
- iv) Chief Financial Officer;
- v) Such other officer as may be prescribed.

Senior Management Personnel: Senior Management Personnel means all the members one level below the Executive Directors and includes the Functional Heads.

Applicability of Policy

The Policy shall be applicable to all the Directors (executive and non-executive) including Independent Directors, Key Managerial Personnel and Senior Management Personnel.

Appointment of Directors, KMP and Senior Management Personnel

- i) the candidate should possess adequate qualification, experience and expertise for the position he/she is considered for appointment;
- ii) the Committee shall formulate the criteria for determining qualifications, experience, personal traits for appointment of Directors, KMP and Senior Management Personnel;
- iii) the Committee shall have discretion to decide whether qualification, experience possessed by the candidate to be considered for appointment as Director, KMP and Senior Management Personnel is sufficient for the concerned profile;
- iv) the appointment of Directors, KMP and Senior Management Personnel shall be according to Section 149, 152, 196 and 203 of the Companies Act, 2013 & the Listing Agreement of BSE;
- v) the candidate recommended by the member for directorship shall not possess any disqualifications as mentioned under section 164 of the Companies Act, 2013;
- vi) the Committee authorises the Managing Director to select the candidate and recommend to the Committee for the relevant profile.

Remuneration to Directors, KMP and Senior Management Personnel

- i) the Committee shall recommend the remuneration to be paid to Managing Director, Executive Director, KMP and Senior Management Personnel;
- ii) the remuneration shall be sufficient and reasonable to attract and retain talent;
- iii) the remuneration payable to Directors, KMP and Senior Management Personnel shall not exceed the limits mentioned in Section 197 & 198 of the Companies Act, 2013 & Schedule V of the Companies Act, 2013;
- iv) all the directors of the Company shall be paid fixed percentage of commission on Net Profits;
- v) fixed sitting fees shall be paid to non-executive directors and independent directors for

attending board meeting;

- vi) fixed monthly remuneration shall be paid to Managing Director, Executive Director, KMP and Senior Management Personnel;
- vii) the annual variable pay of Managing Director, Executive Director, KMP, Senior Management Personnel is linked to the performance of the Company in general and their individual performance for the relevant year measured against Company's objectives fixed in the beginning of the year;
- viii) independent directors shall not be entitled to any stock option of the Company.

Resignation by Directors, KMP & Senior Management Personnel

- i) Director may tender his/her resignation as per the Section 168 of the Companies Act, 2013;
- ii) Managing Director, Executive Director, KMP and Senior Management Personnel may tender their resignation as per their employment contract and/or terms of appointment;

Removal of Directors, KMP & Senior Management Personnel

- i) Directors may be removed from their position as per Section 169 of the Companies Act, 2013 by passing an ordinary resolution;
- ii) Nominee Directors and Directors appointed by Tribunal shall not be removed as per Section 169 of the Companies Act, 2013 before the expiry of their term;
- iii) Managing Director, Executive Director, KMP and Senior Management Personnel may be removed from their position if they are found to breach any of the terms of their appointment.

Retirement of Directors, KMP & Senior Management Personnel

- i) the director shall retire by rotation as per the Section 152 of the Companies Act, 2013;
- ii) independent director shall not retire by rotation as per Section 152 of the Companies Act, 2013;
- iii) KMP & Senior Management Personnel shall retire as per the prevailing policy of the Company;
- iv) the Board will have discretion to retain Director, KMP & Senior Management Personnel in the same position and/or remuneration or otherwise even after attaining the age of retirement for the benefit of the Company.
