

Nomination and Remuneration Policy

As per Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement between Listed Companies and the Stock Exchanges, inter-alia, it is required, for all listed companies to constitute the Nomination and Remuneration Committee. The Company already constituted Remuneration Committee comprising of three non-executive Independent Directors as required under Listing Agreement. In order to align with the provisions of the Companies Act, 2013 and the amended Listing Agreement from time to time, the Board changed the nomenclature of the “Remuneration Committee” as “Nomination and Remuneration Committee” and reconstituted the Committee with three non-executive Independent Directors and one non-executive Director as Member of the Committee.

This Committee and the Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement.

Purpose & Objective

The purpose and key objectives of the Committee would be:

- a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- c) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

Definitions

“Act” means Companies Act, 2013 and any amendment or modification thereof.

“Board” means Board of Directors of the Company.

“Company” means Salora International Limited and its branch offices in India or abroad.

“Employee” means every Person employed directly or indirectly by the Company whether working in India or deputed abroad.

“Employees Stock Option” means the option given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.

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

“Key Managerial Personnel” (KMP) means

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

“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 Companies Act, 2013 and the Listing Agreement.

“Policy” means, “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” means personnel of the Company who are members of its core management team excluding Board of Directors and Key Managerial Personnel as defined in the Act. This would include all members of management one level below the executive directors and KMPs, including all the functional heads.

Interpretations

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, Listing Agreement and/or any other SEBI Regulation(s) as amended from time to time.

Roles and Responsibilities of the Committee

The roles and responsibilities of the Committee shall be within the terms of references given to the Committee by the Board. The terms of reference of the Nomination and Remuneration Committee are as under:

- a) To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/ or removal.
- b) To carry out evaluation of every director's as well as Key Managerial and Senior Management Personnel's performance at regular interval (yearly).
- c) To 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 and to recommend modification thereof as and when required.
- d) To formulate the criteria for evaluation of Independent Directors and the Board.
- e) To devise a policy on Board diversity.
- f) To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria.
- g) To administer, monitor and formulate detailed terms and conditions of the Employees' Stock Option Scheme including:
- the quantum of options to be granted under such schemes per employee and in aggregate;
 - the conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
 - the exercise period within which the employee should exercise the option, and that the option would lapse on failure to exercise the option within the exercise period;
 - the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
 - the right of an employee to exercise all options vested in him at one time or at various points of time within the exercise period;
 - the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions, such as rights issues, bonus issues, merger, sale of division and others;
 - the granting, vesting and exercising of options in case of employees who are on long leave; and
 - the procedure for cashless exercise of options.
- h) To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

i) To perform such other functions as may be necessary or appropriate for the performance of its duties.

MEMBERSHIP AND QUORUM

a) The Committee shall comprise three or more Directors, all of whom shall be non-executive Directors and not less than half of them shall be Independent.

b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirement.

c) Minimum two members shall constitute a quorum for the Committee meeting.

d) Membership of the Committee shall be disclosed in the Annual Report.

e) Term of the Committee shall be continued unless terminated by the Board of Directors.

CHAIRMAN

a) Chairman of the Committee shall be an Independent Director.

b) Chairperson of the Company may be appointed as a member of the Committee but shall not Chair the Committee.

c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.

d) Chairman of the Nomination and Remuneration Committee shall present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required.

APPOINTMENT CRITERIA AND QUALIFICATIONS:

a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

b) 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.

c) The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager 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 the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

TERM / TENURE

a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing 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.

b) Independent Director:

An Independent Director shall hold office for a term up to 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's report.

Further, No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director 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.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

REMOVAL

Committee may recommend removal of any Director, KMP or Senior Management Personnel to the Board for any disqualification mentioned in the Companies Act, 2013 or under any other applicable Act, rules and regulations there under, with reasons recorded in writing, subject to the provisions and compliance of the said Act, rules and regulations.

Retirement:

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company, subject to the approval of Shareholders or Central Government, if required.

REMUNERATION TO MANAGERIAL PERSON, KMP AND SENIOR MANAGEMENT:

a) General Provisions:

- The remuneration / compensation / commission etc. to Managerial Person, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
- Increments/variation to the existing remuneration / compensation structure may be recommended by the Committee to the Board and shall be subject to approval of the Shareholders in the case of Managerial Person. Such Increments/variation will be effective from the date of reappointment in respect of Managerial Person or any other date as approved by the Board/ Shareholder.
- Where any insurance is taken by the Company on behalf of its Managerial Person, KMP and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

b) Fixed pay: Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

c) Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

d) Provisions for excess remuneration: If any Managerial Person draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTOR:

a) Remuneration / Commission: The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

b) Sitting Fees: The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

c) Limit of Remuneration /Commission: Remuneration /Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

d) Stock Options: An Independent Director shall not be entitled to any stock option of the Company.

Amendment

The Committee or the Board may review the Policy as and when it deems necessary. The Committee or Board reserves its right to amend or modify this Policy in whole or in part, where any statutory changes necessitating the change in the policy.