

# NILKANTH ENGINEERING LIMITED

## NOMINATION AND REMUNERATION POLICY OF THE COMPANY

In pursuance of the Company's Policy to consider the human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel and employees, to harmonize the aspiration of human resources consistence with goal of the Company and in terms of the provisions of the Companies Act, 2013, as amended from time to time, this policy is being formulated.

The Board of Directors of **Nilkanth Engineering Limited ("the Company")** constituted the Committee known as "Nomination and Remuneration Committee". All the members of the Committee are non-executive Director with at least one half of them being Independent.

The Policy on nomination and remuneration of Directors, Key Managerial Personnel, Senior Management has been formulated by the Committee and approved by the Board of Directors:

### OBJECTIVE AND PURPOSE OF THE POLICY:

#### 1. Objective:

The Nomination and Remuneration Committee and this policy shall be in compliance with section 178 of the Companies Act, 2013 read along with the applicable rules thereto. The Key objective of the Committee would be:

- a) To guide the Board and lay down criteria in relation to the appointment and removal of Director, 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 the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- d) To provide to Key Managerial Personnel and Senior Management reward linked directly to their efforts, performance, dedication and achievement relating to the Company's Operations.
- e) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- f) To devise the policy on Board diversity.
- g) To develop succession plan for the Board and to regularly review the plan.
- h) To assist the Board in fulfilling all related responsibilities.

The Nomination and Remuneration Policy has been formulated in order to bring about objectivity in determining the remuneration package while striking as balance between the interest of the Company and the Shareholders.

## **2. Definition:**

- 1) "Act" means the Companies Act, 2013 and rules framed thereunder as amended from time to time
- 2) "Board" means the Board of Directors of the Company
- 3) "Director" means the Directors of the Company
- 4) "Key Managerial Personnel" (KMP) means:
  - a) Chief Executive Officer or Managing Director or Manager
  - b) Whole Time Director
  - c) Chief Financial Officer
  - d) Company Secretary
  - e) Such other officer as may be prescribed under the Act
- 5) Senior Management means officer / personnel of the Company who are the members of its core management team excluding the Board of Directors, comprising of all members of management one level below the Executive Director including functional head.

## **3. Constitution of Nomination and Remuneration Committee:**

The Board of Directors of the Company (the Board) constituted the committee to be known as Nomination and Remuneration Committee consist of three non-executive Director out of which one half shall be independent. The Chairman of the committee shall be Independent Director.

The Board has the power to reconstitute the committee consisting with the Company's Policy and Applicable statutory requirement.

**Applicability** – The policy is applicable to:

- a) Directors (Executive and Non-Executive Directors)
- b) Key Managerial Personnel (KMP)
- c) Senior Management Personnel

## **4. ROLE OF COMMITTEE:**

- a) To guide the Board and lay down criteria 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 Directors, Key Managerial Personnel and Senior Management
- d) To provide to Key Managerial Personnel and Senior Management reward linked directly to their efforts, performance, dedication and achievement relating to Company's operations.
- e) To retain motivate and promote talent and to ensure long term sustainability of talented managerial personnel and create competitive advantage.
- f) To devise the policy on the Board diversity
- g) To assist the Board in fulfilling all related responsibilities.

## **5. APPOINTMENT CRITERIA AND QUALIFICATIONS:**

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 criteria for identifying person who are qualified to be appointed as a Directors / KMP / Senior Management Personnel of the Company.

### **a) Directors**

Section 164 of the Companies Act, 2013 states disqualification for appointment of any person to become Director of any Company. Any person who in the opinion of the Board is not disqualified to become a Director, and in the opinion of the Board, possesses the ability, integrity and relevant expertise and experience, can be appointed as Director of the Company

### **b) Independent Director**

For appointing any person as an Independent Director, he / she should possess qualifications as mentioned in Section 149 of the Act along with rules made there under and Regulations 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

### **c) Senior Management Personnel and KMP**

The Company has hierarchy structure displaying positions of Senior Management including KMP and other position with the minimum qualifications and experience requirement for each positions which commensurate with the size of its business and the nature and complexity of its operations. Any new requirement in the Company is to match the requirements prescribed in the hierarchy.

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 person are sufficient / satisfactory for the concerned position.

### **d) Terms / Tenure**

#### **Managing Director / Whole Time Director / Independent Director:**

The Committee shall ensure that the appointment and re-appointment of each Director as above is carried out as per the rules and regulations listed under the Companies Act, 2013 along with other relevant laws.

**Independent Director:**

The maximum tenure of Independent Directors shall be in accordance with the Companies regard, from time to time. At the time of Appointment of Independent Director it should be ensured that number of Boards on which such Independent Directors serves is restricted to seven listed Companies as an Independent Director and three listed companies as an Independent Directors in case such person is serving as a Whole Time Director of a listed Company or such other number as may be prescribed in the Act.

**e) Criteria for Evaluation**

The Committee shall carry out evaluation of performance every Director, KMPs and Senior Management Personnel at regular interval.

**Criteria for evaluating Non-Executive Board Members**

Section 149 of the Companies Act, 2013 read with schedule IV of the said Act states that the Independent Directors shall at their separate meeting review performance of non-independent Directors and the Board as a whole and the performance evaluation of Independent Director shall be done by the Board of Directors excluding the Director being evaluated.

**Criteria of evaluating of Key Management Personnel and Senior Management Personnel**

Criteria for evaluating of Key Managerial Personnel and Senior Management Personnel shall be as per the HR guideline on Performance Management System and Development Plan of the Company

**Removal-**

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

**6. REMUNERATION FOR THE MANAGING DIRECTOR / WHOLE TIME DIRECTOR, KMP AND SENIOR MANAGERIAL PERSONNEL :**

- a) The Remuneration to the Managing Director, Whole Time Director, KMP and Senior Managerial Personnel will be determined by the committee and be recommended for the approval. The Remuneration / Compensation / Commission etc. shall be subject to the prior / post approval of the shareholders of the Company and Central Government, if required.
- b) The Remuneration and commission to be paid to Managing Director / Whole Time Director shall be in accordance with the percentage / Slabs shall be governed as per the provisions of the Companies Act, 2013 and the rules made thereunder or any other enactment for the time being in force or as per the policy of the Company & on-going industrial norms.

**Sitting fees**

In view of the present financial position of the Company no director is entitled to receive remuneration by way of sitting fees for attending meeting of Board or committee thereof. Provided Board is empowered to fix the sitting fees for the Directors, however, the amount of such fees shall no exceed Rs. One Lakh per meeting of the Board or committee or such amount as may be prescribed by Central Government from time to time.

**Commission**

Commission may be paid within the monetary limit approved by shareholders subject to the limit not exceeding 1% of the profits of the Company computed as per the provisions of section 197 of the Companies Act, 2013

**7. STOCK OPTIONS**

An Independent Directors shall not be entitled to any stock option of the Company

**8. MEMBERSHIP, FREQUENCY OF THE MEETING**

- a) The Chairperson of the Committee shall be an Independent Director
- b) The Committee shall consist of a minimum, 3 non-executive directors and at least half of them shall be independent director.
- c) The Membership of the Company shall be disclosed in the Annual Report.
- d) Terms of Committee shall be continued unless terminated by the Board of Directors
- e) The Meeting of the Committee shall be held at such regular intervals as may be required.

**9. SECRETARY**

The Company Secretary of the Committee shall act as Secretary of the Committee.

**10. MINUTES OF COMMITTEE MEETING**

The Proceeding of all meeting must be minutised and signed by the Chairman of the Committee as per the provision of the Act and other applicable provisions.

**11. COMMUNICATION OF THIS POLICY**

For all Directors, a copy of this Policy shall be handed over with in one month from the date of the approval by the Board. This Policy shall also be posted on the website of the Company.

**12. AMENDMENT**

Any change in the Policy shall, on recommendation of Nomination and Remuneration Committee, be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit or from time to time and the decision of the Board in this respect shall be final and binding.

