



Himatsingka Seide Limited

Nomination and Remuneration Policy

(Effective from October 1, 2014)



Nomination and Remuneration Policy

Preamble

Himatsingka Seide Ltd, in its constant endeavour to ensure the all-round welfare of its Human Resources and their effective application to the growth of the Company, has formulated the following policy in line with the requirements of the Companies Act, 2013 and the amendment to the Clause 49 of the Listing Agreement (vide SEBI circular no. circular CIR/CFD/POLICY CELL/2/2014, dated April 17, 2014) and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Effective Date

The policy shall take effect from October 1, 2014.

Definitions

For the purposes of this policy

“**Nomination and Remuneration Committee or Committee**” shall mean a Committee of the Board of Directors of the Company constituted under provisions of Listing agreement/ SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013.

“**Board**” means Board of Directors of HSL.

“**Company or HSL**” shall mean Himatsingka Seide Limited, wherever it is referred to in the policy.

“**Directors**” shall mean the directors of HSL.

“**Key Managerial Personnel**” or “**KMP**” shall mean key managerial personnel in relation to HSL as defined

under the Companies Act, 2013, as follows:

- (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;

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

“**Senior Management**” for the purpose of this policy shall refer to the employees of the Company occupying the position of Functional Head (Department Heads), but does not include the directors and the KMP.

“**Shareholders**” shall mean the shareholders of HSL.



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“**Special Resolution**” shall mean a resolution in which the votes cast in favour of the resolution, whether on a show of hands, or electronically or on a poll, as the case may be, by members who, being entitled so to do, vote in person or by proxy or by postal ballot, are required to be not less than three times the number of the votes, if any, cast against the resolution by members so entitled and voting.

The Policy

Part- I: Role of the Committee

The Committee shall:-

1. identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down;
2. formulate the criteria for determining qualifications, positive attributes and independence of a director;
3. recommend to the Board their appointment and removal;
4. recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
5. carry out evaluation of every director’s performance;
6. Formulate criteria for evaluation of independent directors and the Board.
7. Devise a policy on Board Diversity;
8. Develop a succession plan for the Board, Key Managerial Personnel and Senior Management.

Part- II: Remuneration policy

A. Guiding Principles:

- The remuneration determined under this policy shall have a proper balance between fixed pay and performance based variable pay reflecting short term and long term performance objectives and goals of the Company.
- The remuneration determined shall also ensure a direct relationship with key result areas and individual achievements and thereby strongly aligning with the interests of the Company’s stakeholders.
- The level and composition of remuneration determined shall be reasonable and sufficient to attract, retain and motivate Directors and other personnel of the quality required to run the Company successfully.



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B. The Remuneration Policy

1. For Executive & Non- Executive Directors:

The Committee shall recommend to the Board the remuneration / commission on Net Profit and perquisites in case of Executive Directors. For Non-Executive Directors, the committee shall recommend to the Board the remuneration which would include commission and sitting fees payable. The acceptance of the recommendation as made by the committee or with any modifications shall be the discretion of the Board and after deliberation on the matter, the Board may approve the remuneration subject to the necessary approvals as required under the Companies Act, 2013 and rules made thereunder and the SEBI listing agreement / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any modifications thereto from time to time.

a) Executive Directors:

i. Fixed and Variable pay:

The Managing Director and the Executive Directors shall be eligible for a fixed monthly salary and perquisites as may be recommended by the Committee and approved by the Board. The break-up of the pay scale and quantum of perquisites including house rent allowance, leave travel assistance, employer's contribution to provident fund, gratuity fund, club fees, medical reimbursement, insurance, Company car with driver, telephone etc. shall be decided by the Board on recommendation of the committee and shall be approved by the shareholders.

In addition to the fixed pay and perquisites stated above, the Managing Director and Executive Directors shall be entitled to variable pay by way of commission on net profits of the Company at rates recommended by the committee subject to the overall limits prescribed in the Act and necessary approvals as required thereunder from time to time.

ii. Minimum Remuneration:

If in any financial year, the Company has no profits or its profits are inadequate, it shall pay remuneration to the Managing Director and Executive Directors in accordance with the provisions of the Act and rules made thereunder. In case the Company is unable to comply with the aforementioned provisions, the remuneration shall be paid with the previous approval of the Central Government.

iii. Excess Remuneration:

If the Directors receive, inadvertently or otherwise, any amount, directly or indirectly, by way of remuneration in excess of the limits prescribed under the Act, without the necessary approvals as prescribed under the Act, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.



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The Company shall not waive recovery of such sum unless permitted by the Central Government.

iv. Sitting Fees:

The Executive Directors shall not be liable to receive sitting fees.

b) Non-Executive Directors:

i. Sitting Fees:

The Non-Executive whether Independent or not, shall be entitled to receive sitting fees for attending meetings of the Board and Committees thereof. Provided that such fees shall not exceed the limits specified under the Act and rules made thereunder.

ii. Commission:

In addition to the sitting fees, the Non-Executive Directors shall be entitled to receive remuneration by way of commission of net profit of the Company at rates recommended by the committee and approved by the Board and the shareholders of the Company, subject to the limits prescribed under the Act and the rules thereunder.

The travelling and out of pocket expenses, if any, incurred by the Directors in the course of performing their duty as directors of the Company shall be reimbursed to them.

Independent Directors shall not be eligible for employees' stock options.

2. For KMP and Senior Management:

The remuneration of the KMP not covered above or the Senior Management personnel, as the case may be, will be determined by the management on recommendation of the Committee. The remuneration shall include fixed monthly basic salary, dearness allowance, house rent allowance, special allowance, etc.; and other perquisites like Company car with driver, telephone etc.

3. For Other Employees:

The remuneration of all other employees may be determined by the Senior Management in consultation with the Human Resources department of the Company, provided that the remuneration thus fixed shall be sufficient to retain talent and motivate the employees so as to ensure smooth and effective functioning of all the departments of the Company.



Part- III: Board Diversity

It shall be the endeavour of the Committee to ensure that the Board of the Company comprises of directors having sufficient knowledge and experience in various fields such as Finance, Legal, Marketing and such other field as may be advantageous to the Company to ensure wise guidance in the functioning and governing of the Company. The Committee shall review the constitution of the Board annually so as to ensure that the Board consists of members with diversified skills, knowledge, experience and expertise to meet or exceed the requirements of the Company's business.

Part- IV: Criteria for selecting directors

A. Qualification, positive attributes and independence of directors:

- The Committee will identify persons with high educational qualification, rich experience and expertise, integrity, desirable personal traits and leadership qualities and recommend to the Board for appointment as Director, KMP or at Senior Management level. The proposed appointee shall possess appropriate skills, knowledge, experience in one or more fields of finance, accounts, audit, law, management, sales, marketing, administration, research, corporate governance, technical operation or other disciplines related to the Company's business. The Committee has the discretion to decide on the age, qualification, expertise and experience to be possessed by the appointee for the concerned position depending up on the circumstances of each case.
- The director to be appointed shall be a person adhering to all the eligibility norms as specified under the Companies Act, 2013 and the rules made thereunder or any statutory modifications thereof from time to time, including the norms for maximum number of directorships, and shall not be a person disqualified under the section 164 of the said Act.
- **Managing/ Whole-time Director:**
The Company shall appoint or continue the employment of any person as Managing Director/ Whole-time Director who has attained the age of twenty one years and has not attained the age of seventy years.

Provided that appointment/ continuing the term of a person who has attained the age of seventy years may be made by passing a special resolution in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person.



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- **Independent Directors:**
In case of appointment of Independent Directors, it shall be ensured that the proposed appointee is not serving as an Independent Director in more than six listed companies and in case he/she is serving as a whole-time director in any listed company, it shall be ensured that he/she is not serving as independent director in more than two listed companies. Further, the person to be appointed shall conform to the norms for an independent director specified under section 149(6) of the Companies Act, 2013 and the rules made thereunder and under the SEBI's listing agreement or any statutory modifications to the same made from time to time.

Every independent director of the Company shall, on the first meeting of the Board in which he participates and thereafter the first meeting of the Board in every financial year or whenever there is a change in his/her status as an independent director, give a declaration that he meets the criteria of independence as provided under section 149(6) of the Act.

- **Non-Executive Directors:**
The criteria as specified in the above paragraphs shall mutatis mutandis be applicable to non-executive, non-independent directors as well and they shall be liable to retire by rotation.

Tenure:

- a) **Managing Director/ Executive Directors:**
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.

No Independent Director shall hold office for more than two consecutive terms, 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.

Independent Directors shall not be liable to retire by rotation.



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B. Retirement:

The Directors, KMP and Senior Management shall be liable to retire as per the provisions of the Act and rules made thereunder, and the prevailing employees' retirement policy of the Company. However, the Board shall have the discretion to retain any Director (other than an Independent Director), KMP, Senior Management personnel or any other employee even after he/she has attained the retirement age, as it deems fit, for the benefit of the Company.

C. Succession:

The constitution of the Board, the KMP and Senior Management personnel of the Company shall be in such a manner that it consists of a combination of persons of different age groups and possessing expertise and skill in the various areas and fields required for the effective running of the Company so as to ensure smooth succession at all times.

Part- V: Performance Evaluation

A. Performance evaluation of the Board/any committee:

The Committee shall carry out the evaluation of effectiveness of the Board and all Committees of the Board and their functioning on an annual basis such that the same is aligned with the Company's financial year. It shall lay down the criteria for the above mentioned evaluation every year. The functioning of the Board shall be evaluated on the basis of its effectiveness with regard to achievement of the short, medium and long term goals of the Company.

B. Performance evaluation of Directors:

The Committee will carry out the performance evaluation of all Directors, KMP and Senior Management Personnel every year such that the evaluation is aligned with the Company's financial year. The evaluation criteria shall include measures to test the participation and contribution of the Directors, integrity, skill, expertise, commitment and diligence. The committee shall carry out the evaluation of every Director's performance in which the Director being evaluated shall not participate.

Further, the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.



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The directors shall be evaluated with regard to their adherence to and compliance with the professional conduct, role, functions and duties as specified in the Code for Independent Directors in the Schedule IV of Companies Act, 2013 including any statutory modifications made thereto from time to time.

C. Removal:

The Committee may, even before the expiry of the term, recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel, where he/ she has attracted any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder.

Provided that the aforesaid recommendation shall be subject to the provision and compliance with the said Act, rules or regulations.

Part VI: Other Provisions

A. Deviation from the Policy:

The Board, in extraordinary circumstances, when deemed necessary, on recommendation of the Committee, shall at its discretion, accept any reasonable deviation from any element of this policy in specific cases.

B. Amendments:

Any amendments to this Policy, subject to the Act, the rules made thereunder and the provisions of the listing agreement / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 listing regulations shall be made only by the Board of Directors of the Company on recommendation of the Committee.

This policy shall be disclosed in the Company's Annual Report.