

INDAG RUBBER LIMITED
(CIN-L74899DL1978PLC009038)

**NOMINATION AND REMUNERATION
POLICY**

(Revision date: April 20, 2019)

INTRODUCTION

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 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. In case of any inconsistency between the provisions of law and this remuneration policy, the provisions of the law shall prevail and the Company shall abide by the applicable law.

OBJECTIVE

The objective of the policy is to ensure that

1. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
2. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
3. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals

ROLE OF THE COMMITTEE

The role of the NRC will be the following:

1. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
2. formulation of criteria for evaluation of performance of directors, the Board of Directors and its Committees thereof and review its compliance;
3. To devise a policy on diversity of board of directors
4. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
5. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
6. recommend to the board, all remuneration, in whatever form, payable to senior management.

DEFINITIONS

1. "Act" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
2. "Board" means Board of Directors of the Company.
3. "Committee" means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board from time to time.
4. "Independent Director" means a director referred to in Section 149(6) of the Act and Regulation 16 (1) (b) of Listing Regulations.
5. "Key Managerial Personnel (KMP)" means KMP as defined under Section 2(51) of the Act.
6. "Listing Regulations" means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.
7. "Senior Management" as defined under Regulation 16 (1) (d) of Listing Regulations means officers/personnel of the listed entity who are members of its core management team excluding board of directors and shall comprise all members of management one level below the Chief Executive Officer/Managing Director/Whole Time Director/Manager (including Chief Executive Officer/Manager, in case they are not part of the board) and shall specifically include Company Secretary and Chief Financial Officer.

APPLICABILITY

The Policy is applicable to Directors (Executive and Non-Executive), KMP and Senior Management Personnel and other employees.

CONSTITUTION

The Committee shall comprise of at least three (3) Directors, all of whom shall be non-executive directors and at least one-half shall be Independent Directors.

The Chairperson shall be an Independent Director who may be present at the Annual General Meeting or may authorize any other member of the Committee to answer the shareholders' queries.

The Chairperson of the Company may be appointed as a member of the Committee but shall not Chair the Committee. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as the Chairperson.

The quorum for a meeting of the Committee shall be as prescribed under Companies Act, 2013 and Listing Regulations as amended from time to time.

The Board shall reconstitute the Committee in line with the provisions of the Act as amended from time to time.

MEETINGS OF THE COMMITTEE

- a) The Committee shall meet at least once in a year.
- b) Non-executive Director(s) will be paid sitting fees for attending each meeting of the Committee of an amount as may be decided by Board.
- c) Proceedings of all meetings must be minuted and signed by the Chairperson of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

SECRETARY

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

COMMITTEE MEMBERS' INTERESTS

1. A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
2. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

CRITERIA FOR SELECTION OF MEMBERS ON THE BOARD OF DIRECTORS AND CANDIDATES FOR SENIOR MANAGEMENT

The Committee has adopted the following criteria for selection of member on the Board of Directors of the Company and also candidates eligible to be appointed in the Senior Management of the Company:

Before making any recommendation to the Board for any appointment, the Committee shall ensure that:

- a) the candidate possesses positive attributes/ qualities such as leadership, integrity, essential and desirable qualification, expertise and experience (based on criteria formulated by Nomination and Remuneration Committee) for appointment as Director, KMP or at Senior Management level;
- b) the person possesses appropriate skills, experience and knowledge in such fields which are relevant for the Company's business which may be decided from time

to time;

- c) that the candidate is free from any disqualifications as provided under Section 164, 167 and other applicable provisions if any of the Companies Act, 2013.
- d) The candidate meets the conditions of being independent as stipulated under the Act and Listing Regulations in case of appointment of an independent director.

RECOMMENDATION TO THE BOARD

The Committee on satisfaction of a potential candidate meeting the criteria and having completed the identification and selection process, will recommend such persons' candidature to the Board for appointment as a Director either Executive/ Non-Executive/ Independent including Senior Management, as the case may be.

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.

The Company shall not appoint or continue the employment of any person as 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 the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

Provided that where no such special resolution is passed but votes cast in favour of the motion exceed the votes, if any, cast against the motion and the Central Government is satisfied, on an application made by the Board, that such appointment is most beneficial to the company, the appointment of the person who has attained the age of seventy years may be made.

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.

- 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.

c) **NON-EXECUTIVE DIRECTORS (NEDs):**

Special Resolution for Appointment/continuation for the relevant term of NEDs on attaining the age of 75 years and justification for appointing such person shall be mentioned in explanatory statement annexed to the notice.

EVALUATION

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

REMOVAL

Due to reasons of 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 recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations and the policy of the Company.

RETIREMENT

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

REMUNERATION POLICY

GENERAL:

- a) The remuneration / compensation / commission etc. to the Managing Director, Whole-time Director, KMP and Senior Management Personnel will be recommended by the Committee to the Board for approval. The remuneration/ compensation/ commission etc. shall be subject to the prior/post approval of the shareholders of the Company, wherever required.
- b) the remuneration and commission to be paid to the Managing Director and Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.
- c) Increments to the existing remuneration/ compensation structure shall be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managing Director or Whole-time Director.
- d) Where any insurance is taken by the Company on behalf of its Managing Director, Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary 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.
- e) Provisions for excess remuneration:
If any Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without approval required under the Act, he/ she shall refund such sums to the Company within 2 years or such lesser period as may be allowed by 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 approved by the Company by special resolution within 2 years from the date the sum becomes refundable.

REMUNERATION TO DIRECTORS INCLUDING WHOLE-TIME DIRECTOR/ MANAGING DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL:

- a) The total managerial remuneration payable to the directors, including managing director and whole-time director and managers in respect of any financial year shall

not exceed 11% of the net profits of the company for that financial year;

- b) If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Directors, including Managing Director and Whole-time Director exceeding 11% of the net profits, subject to the approval of the shareholders by way of special resolution in accordance with the provisions of Schedule V of the Act.
- c) The Managing Director, Whole-time Director, KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup 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.

CRITERIA OF MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS:

Overall remuneration should be reflective of the size of the Company, complexity of the sector/industry/company's operations and the company's capacity to pay the remuneration.

Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the NRC and approved by the Board.

Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives).

a) Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.

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 Rs. One (1) Lac per meeting of the Board or Committee.

c) 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 applicable provisions of the Act.

d) Stock Options:

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

Notes:

The approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof.

The fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if-

- (i) the annual remuneration payable to such executive director exceeds rupees 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or
- (ii) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity:

Provided that the approval of the shareholders under this provision shall be valid only till the expiry of the term of such director.

Explanation: For the purposes of this clause, net profits shall be calculated as per section 198 of the Companies Act, 2013.

CRITERIA OF MAKING PAYMENTS TO KMPs/SENIOR MANAGEMENT PERSONNEL:

The Remuneration to be paid to KMPs/ Senior Management Personnel shall be based on the experience, qualification and expertise of the related personnel and governed by the limits, if any prescribed under the Companies Act, 2013 and rules made thereunder as may be amended from time to time or any other enactment for the time being in force.

CRITERIA OF MAKING PAYMENTS TO OTHER EMPLOYEES:

The remuneration to be paid to the other employees shall be decided by the management of the Company based on the experience, qualification, expertise of the employees or any other criteria as may be decided by the Management.

SUCCESSION PLANNING

The Nomination & Remuneration Committee shall work with the Board on the leadership succession plan, and shall also prepare contingency plans for succession in case of any exigencies.

REVIEW AND AMENDMENT

1. The NRC or the Board may review the Policy as and when it deems necessary.
2. This Policy may be amended or substituted by the Board as and when there is any statutory change necessitating the change in the policy.

DISCLOSURE

1. This policy shall be placed on the website of the company and the salient features and any changes, therein, if any, along with the web address of the policy shall be disclosed in the Board's report.
2. This policy shall remain in force unless modified by the Board of Directors.
3. This policy has been amended, approved and adopted by the Board of Directors at their meeting held on April 20, 2019.