

## **EMAMI FRANK ROSS LIMITED**

### **NOMINATION AND REMUNERATION POLICY**

#### **Introduction:**

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013, this policy on nomination and remuneration of Directors, KMP and Senior Management has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors on 30<sup>th</sup> May 2014.

#### **Objective and purpose of the Policy:**

- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- 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.
- At the time of appointment or re-appointment, the Managing Director, Other Whole Time Directors or Key Managerial Personnel shall be paid such remuneration as may be agreed mutually between the company (which includes the Nomination & Remuneration Committee and the Board of Directors) and the Managing Director, Other Whole Time Directors or Key Managerial Personnel which should be within the overall limits prescribed as per Companies Act, 2013
- The Remuneration shall be subject to the approval of Members of the Company in General Meeting if it falls under the criteria of Schedule V of the Companies Act.
- In determining Remuneration, the Committee shall consider the following:
  - a. The level & composition of remuneration is reasonable and sufficient to attract and motivate Managing Director, Other Whole Time Directors or Key Managerial Personnel.
  - b. Relationship of remuneration & performance benchmark is clear.
  - c. 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 time working of the company and its goals.



### **Constitution of the Nomination and Remuneration Committee:**

The Board of Directors of the Company shall constitute the committee to be known as the Nomination and Remuneration Committee consisting of three or more none executive directors out of which not less than one-half are independent directors. The Chairman of the Committee is an Independent Director. However, the Chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee."

The 'Nomination and Remuneration Committee' comprises of following Directors:

- (i) Mr. Pramod Bajoria
- (ii) Mr. Ashok Dalmia
- (iii) Mr. Debasish Bhaumik

The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirement.

### **Definitions:**

- 'Board of Directors' or 'Board' means the collective body of the Directors of the Company.
- 'Directors' means a Director appointed to the Board of the Company.
- 'Committee' means 'Nomination and Remuneration Committee' of the Company as constituted or reconstituted by the Board from time to time.
- 'Company' means **Emami Frank Ross Limited**.
- 'Independent Director' means a Director referred to in Section 149 (6) of the Companies Act, 2013.
- 'Key Managerial Personnel' means-
  - i. Chairman & Managing Director, or Vice Chairman & Managing Director, or Whole- time Director, if any
  - ii. Chief Financial Officer;
  - iii. Company Secretary; and
  - iv. Such other officer as may be prescribed under the applicable statutory provisions / regulations.
- 'Senior Management' means personnel of the Company, who are the members of Core management team and one level below the Executive Director including Corporate Functional Heads and Business Heads of the Company.



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Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

### **Applicability**

The Policy is applicable to the Directors, Key Managerial Personnel and other employees of Emami Frank Ross Ltd. (Company)

### **General**

- This Policy is divided in three parts:
  - Part – A covers the matters to be dealt with and recommended by the Committee to the Board;
  - Part – B covers the appointment and nomination' and
  - Part – C covers remuneration and perquisites etc.
- The key features of this Company's policy shall be included in the Board's Report.

### **Part – A**

**Matters to be dealt with, perused and recommended to the Board by the Committee:**

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Director and the persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of Director and Senior Management Personnel.

### **Part – B**

**Policy for appointment and removal of Directors, Senior Management Personnel**

- **Appointment criteria and qualifications:**



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1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director and at Senior Management level and recommend to the Board his / her appointment. However , the Committee may delegate to the Managing Director, Executive Director the power to identify, appoint and remove the Senior Management ersonnel.
2. 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.
3. The Company shall only appoint or continue the employment of any person as Managing Director or Whole-time Director beyond the age of seventy years if the contribution of the concerned individual is valuable to the Company and his vacancy may be affecting the interest of the Company. Provided that the term of the person holding this position may be extended beyond the age of 70 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 70 years.



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• **Term / Tenure:**

1. **Managing/Whole-time Director:**

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

2. **Independent Director:**

An Independent Director shall hold office for such term upto a maximum of five consecutive years on the Board of the Company, as may be recommended by the Committee and approved by the Board and Shareholders 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 his directorship 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.



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• **Evaluation:**

The Committee shall carry out evaluation of performance of every Director at regular intervals based on the indicators provided in the policy. Similarly, Managing Director and Executive Directors shall evaluate the Senior Management Personnel (including KMPs other than the Directors of the Company) considering the competencies / indicators provided in the Policy.

• **Removal of Directors**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, subject to the provisions and compliance of the said Act, rules and regulations.

• **Retirement:**

The whole time Director and Senior Management Personnel 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 Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**Part – C**

**Policy relating to the remuneration for the Managing Director/Whole-time Director, KMP, Senior Management Personnel and other employees**

The remuneration to be paid to the Directors, KMPs, Senior Management and other employees will be decided taking into consideration the following key factors/attributes:

- o Strategic vision for the growth of business and alignment with the Company's goal,
- o Competence, experience and performance,
- o leadership and team building qualities,
- o innovative and creative thinking,
- o Market compensation levels for similar profile



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## Remuneration Policy

### (a) Executive Directors

The Remuneration/ Compensation/ Commission etc. to be paid to Director/Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

### (b) Key Managerial Personnel, Senior Management and other employees

- Apart from the Directors, KMPs and Senior Management Personnel, the remuneration for rest of the employees is determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity and market conditions.
- The various remuneration components, basic salary, allowances, perquisites etc. may be combined to ensure an appropriate and balanced remuneration package.
- The annual increments to the remuneration paid to the employees shall be determined based on the appraisal carried out by the HODs of various departments. Decision on Annual Increments shall be made on the basis of this appraisal.

### (c) Non Executive Directors/ Independent Director:

The Non-Executive Independent Director may receive remuneration/ compensation/commission as per the provisions of the Companies Act, 2013. The amount of sitting fees shall be subject to limits as provided under the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

## Supplementary provisions

- a. This Policy shall formally be implemented from the date on which they are adopted pursuant to a resolution of the Board of Directors.
- b. Any matters not provided for in this Policy shall be handled in accordance with relevant laws and regulations and the Company's Articles of Association. If this Policy conflict with any laws or regulations subsequently promulgated by the state or with the Company's Articles of Association as amended pursuant to lawful procedure, the relevant laws and regulations and the Company's Articles of Association shall prevail, and this Policy shall be amended in a timely manner and submitted to the Board of Directors for review and adoption.
- c. The right to interpret this Policy vests in the Board of Directors of the Company

