

NOMINATION AND REMUNERATION POLICY, 2019

1. Introduction

This policy is made in supersession of existing Nomination and Remuneration (Amended) Policy, 2016 and has been drafted in accordance with the provisions contained under Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This policy contains guidelines on nomination and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel of the Company. This policy may be treated as a benchmark for determining the qualifications, positive attributes and independence of a Director, criteria for evaluation of Independent Directors and the Board, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel and Senior Management Personnel of the Company.

2. Objective

- i. To formulate the eligibility criteria for determining qualifications, positive attributes, and independence of a Director and to formulate the criteria for evaluating Directors and Senior Management;
- ii. To identify and select for Board's consideration the persons who are qualified to become directors and who may be appointed in senior management in accordance with criteria laid down;
- iii. To carry out the evaluation of Directors, Key Managerial Personnel and Senior Management of the Company and to provide them rewards linked directly to their efforts, performance, dedication and achievement relating to the Company's operations;
- iv. To determine the remuneration taking into account parameters like financial position of the Company, industry size, company size and general practice on remuneration payout in the Tile Industry;
- v. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage; and
- vi. To lay down criteria for appointment, removal of directors, Key Managerial Personnel and Senior Management Personnel and evaluation of their performance.

3. Effective Date

This policy shall be effective from 01st April, 2019.

4. Definitions

In this Policy unless the context otherwise requires:

- i. 'Act' means Companies Act, 2013 and rules made there under.
- ii. 'Board of Directors' or 'Board', in relation to the Company, means the collective body of the directors of the Company.

- iii. 'Committee' means Nomination and Remuneration Committee of the Company as constituted or re-constituted by the Board.
- iv. 'Company' means Orient Bell Limited.
- v. 'Directors' means Directors of the Company.
- vi. 'Independent Director' means a director referred to in Section 149 (6) of the Companies Act, 2013.
- vii. 'Key Managerial Personnel' (KMP) means:
 - a. Chief Executive Officer or Managing Director or the Manager
 - b. Whole-time Director
 - c. Chief Financial Officer
 - d. Company Secretary
 - e. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board
 - f. Such other officer as may be prescribed under the applicable statutory provisions/regulations.
- viii. "senior management" shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this 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.

Unless the context otherwise requires, words and expressions used in this policy or not defined herein but defined in relevant law or in their amendments, shall have the same meaning as may be assigned to them in such law or in their amendments.

5. Nomination and Remuneration Committee

The Nomination & Remuneration Committee already formed under relevant laws shall continue to function as such and its composition, quorum and other terms of reference shall be governed by the relevant laws applicable from time to time.

The Committee shall function in accordance with the statutory provisions laid down from time to time. The Board has the power to reconstitute the Committee consistent with the Company's Policy and applicable statutory requirements.

6. Applicability

This policy is applicable to:

- (i) Directors (Whole Time as well as Non Whole Time)
- (ii) Key Managerial Personnel
- (iii) Senior Management

7. Appointment of Director, KMP and Senior Management

- i. 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 on the basis of criteria laid down from time to time.
- ii. 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 is sufficient / satisfactory for the concerned position.
- iii. Appointment of Independent Directors is subject compliance of provisions of section 149 of the Companies Act, 2013, read with schedule IV and rules there under.
- iv. 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.

8. Term/ Tenure of Appointment

a) Managing Director/ Whole Time Director

The Company shall appoint or re-appoint any person as its Chairman and/or Whole Time Director and/or Managing 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.

Independent Director

An Independent Director shall hold office for such term which should not exceed 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 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 prescribed period by the Statutory Authority from time to time.

9. Evaluation

The Committee shall carry out evaluation of performance of every Director at regular interval (yearly). The criteria of such an evaluation may be considered as under:

a) Non Whole Time Directors except Nominee Directors:

- i. Attendance in the Board and/or Committee meetings.
- ii. Positive attitude and promptness.
- iii. Contribution in improving financial and other functions of the Company.
- iv. Inputs on inclusion of matters to be discussed at Board Meetings to improvise the operating procedures.
- v. Understanding of laws having impact on Company's business and Tile industry as a whole.
- vi. Clear sense of values and integrity.

b) Whole Time Directors:

In addition to the criteria mentioned above the following may also be considered as additional parameters for evaluation of performance of Whole Time Directors:

- i. Implementation of policies and procedures as set out by the Board.
- ii. Efforts in promoting and expanding the business.
- iii. Brand Building and establishing a respectable place in the market.
- iv. Controlling of various functions across the Company and ensuring their proper functioning.
- v. Ensuring smooth business operations across all the units of Company.
- vi. Clear sense of values and integrity.

c) Senior Management:

The parameters of the assessment will be the same as applicable to the Whole Time Directors but in the case of Senior Management, their Key Result Areas (KRA's) may be different based on the uniqueness and domain responsibility of the function. The 360 degree Performance Management System (PMS) adopted by the Company is also applicable to Senior Management. Their Competencies include:

- i. Achievement of Goals / KRA's assigned to him/her.
- ii. Demonstrated understanding of his/her area of operation;
- iii. Integrity,
- iv. Credibility,

- v. Excellent communication skills,
- vi. Competence,
- vii. Leadership,
- viii. Pro-active,
- ix. Quality decision making

10. Removal

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 of the Companies Act, 2013, and all other applicable Acts, Rules and Regulations.

11. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and rules made there under 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.

12. Provisions regarding payment of Remuneration, perquisites to the Managing Director/Whole-time Directors, KMP and Senior Management Personnel

a) General Provisions

- i. The remuneration / perquisites / commission etc. to the Managing Director/ Whole-time Directors, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval.
- ii. The remuneration / perquisite/ commission etc. shall be in accordance with the percentage / slabs / conditions laid down in the Companies Act, 2013 and shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required.
- iii. Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managing Director/ Whole Time Directors. The decision of the Committee as to increment shall be final.
- iv. Where any insurance is taken by the Company on behalf of its Managing Director/ Whole-time Directors, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying any of them against any liability in respect of a deed for which they may be held guilty in relation to the Company, 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) Remuneration to the Managing Director/Whole-time Directors, KMP and Senior Management Personnel

Remuneration

The Managing Director/ Whole-time Directors shall be eligible for remuneration as may be approved by the Shareholders of the Company on the recommendation of the Committee and the Board of Directors. The break-up of the pay scale, performance bonus / commission 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 shall be within the overall remuneration approved by the shareholders and Central Government, wherever required.

Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director / Whole-time Director in accordance with the provisions of the Companies Act, 2013 and if it is not able to comply with such provisions, then with the previous approval of the Central Government.

Provisions for Excess Remuneration

If Managing Director/ Whole-time Director 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.

c) Remuneration to Non Whole Time Director (including Independent Director)

Sitting Fees

The Non Whole Time Directors (Including Independent Directors) of the Company shall be paid sitting fees as per the approval of the Board of Directors from time to time. The quantum of sitting fees will be determined on the recommendation of Nomination and Remuneration Committee and approval of the Board of Directors of the Company from time to time subject to the relevant provisions contained under Companies Act, 2013 and applicable rules made there under.

Profit Linked Commission

The Non Whole Time Directors (Including Independent Directors) of the Company may be paid profit-linked Commission within the monetary limit as may be recommended by the Board of Directors from time to time and also approved by the shareholders of the Company and by the Central Government, wherever required.

Stock Options

Pursuant to the provisions of the Act, an Independent Director shall not be entitled to any stock option of the Company.

Insurance

Where any insurance is taken by the Company on behalf of its Non Whole Time Directors (including independent directors) for indemnifying any of them against any liability in respect of a deed for which they may be held guilty in relation to the Company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such Non Whole Time Directors (including independent directors).

d) Remuneration to KMP and Senior Management Personnel

The KMP and Senior Management Personnel of the Company shall be paid monthly remuneration as per their appointment terms, Increment Letters and Company's HR policies. The Nomination & Remuneration Committee shall recommend to the Board all remuneration, in whatever form payable to KMPs and Senior management. The Committee may direct restructuring of their Salary in such manner as it may deem fit and proper.

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 as per the Company's HR policies.

The KMP and Senior Management Personnel may also be issued Employees Stock Options to reward them for their performance and to motivate and retain them.

13. Amendments to the Policy

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant Statutory authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.