

NOMINATION & REMUNERATION POLICY

1. INTRODUCTION

A transparent, fair and reasonable process for determining the appropriate remuneration at all levels of the Company and for identifying persons who are qualified to become directors and who may be appointed in the senior management is required to ensure that all stakeholders remain informed and confident in the management 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 (“**Policy**”) of Independent Directors (means a director referred to in Section 149 (6) of the Companies Act, 2013), Non-executive Directors (including independent Directors) on the Board of Directors (“**Board**”), the Key Managerial Personnel (KMP) (i.e. Chief Executive Officer and / or Managing Director, Whole-time Director, Chief Financial Officer, Company Secretary and such other officer as may be prescribed by the rules under the Companies Act, 2013) and Senior Management Personnel (“**Executives**”) has been formulated by the Committee and approved by the Board of Neosym Industry Limited (“**Company**”). This policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a director, matters relating to the remuneration, appointment, removal and evaluation of performance of the non executive directors, KMP and Executives.

2. OBJECTIVES OF THE POLICY

The objective of this Policy is to outline a framework to ensure that the Company’s remuneration levels are aligned with industry practices and are sufficient to attract and retain competent directors on the Board (“**Directors**”), KMPs and the Executives of the quality required, while allowing fair rewards for the achievement of key deliverables and enhanced performance.

The Nomination and Remuneration Committee of the Board (“**Committee**”) shall also oversee the Company’s process for the appointment of Executives, identify, screen and review individuals qualified to serve as Directors consistent with criteria approved by Board and recommend their appointment to the Board.

While determining the remuneration for the Directors, KMPs and the Executives, the Committee should consider prevailing market condition, business performance and practices in comparable companies, and have due regard to financial and commercial health of the Company as well as prevailing laws and government/other guidelines, to ensure that pay structures are appropriately aligned and that the levels of remuneration remain appropriate.

- The Committee while designing the remuneration package should ensure that:
 - (i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully;
 - (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
 - (iii) there is a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The Committee must ensure that some part of the remuneration package is linked to the achievement of corporate performance targets of the Company and a strong alignment of interest with stakeholders.

The Committee may consult with the chairman of the Board as it deems appropriate.

The Committee shall observe the set of principles and objectives as envisaged under section 178 of the Companies Act, 2013 (“**Act**”), rules framed there under, *inter-alia*, principles pertaining to determining qualifications, positives attributes, integrity and independence.

In the context the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on 4th November, 2014.

3. EFFECTIVE DATE

This policy shall be effective from the date of its adoption by the Board.

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.

4. APPLICABILITY

This Policy is applicable to:

- (a) Board
- (b) Key Managerial Personnel
- (c) Executives

5. MEMBERSHIP

- a) The Committee shall consist of minimum three or more non-executive directors out of which not less than one half shall be independent directors.
- b) Membership of the Committee shall be disclosed in the Annual Report.
- c) Term of the Committee shall be continued unless terminated by the Board of Directors.

The present Committee comprise of the following members.

- 1. Mr. A. S. Narayanan
- 2. Mr. T. E. S. Varadhan
- 3. Mr. Sudip Mullick

In case where a position of the member of the Committee becomes vacant for any reason, the Board may appoint another Non-executive Director with fitting qualifications to maintain the required number of Committee Members in accordance with this Policy

6. CHAIRMAN

- (a) Chairman of the Committee shall be an Independent Director.
- (b) Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Committee but shall not be a Chairman of the Committee.

7. COMMITTEE MEMBERS' INTERESTS

- (a) 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.
- (b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

8. SECRETARY

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

9. QUORUM

The quorum necessary for transacting business at a meeting of the Committee shall be two members or one-third of the members of the Nomination and Compensation Committee; whichever is greater.

10. VOTING

Matters arising for determination at Committee meetings shall be decided by a majority of votes of members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

In the case of equality of votes, the Chairman of the meeting will have a casting vote. However in appropriate cases the Committee may decide any items referred to the Committee and also makes recommendations to the Board through circular resolutions.

11. RESPONSIBILITY OF THE COMMITTEE

The Committee is responsible for:

- formulating criteria for determining qualifications, positive attributes and independence of a Director for the purpose of this Policy;
- advising the Board on issues concerning principles for remuneration and other terms of employment including remuneration for the Non-Executive Directors, KMPs and the Senior Management;
- monitoring and evaluating programs for variable remuneration, both on-going and those that have ended during the year, for the Non-Executive Directors, KMPs and the Executives;
- monitoring and evaluating the application of this Policy;
- advising the Board on Board Diversity.
- Annual review of Non-Executive Directors, KMPs and the Senior Management Personnel and approve Non-Executive Directors, KMPs and the Senior Management Personnel remuneration
- Recommending to the Board appointment and removal of Non-Executive Directors, KMPs and the Senior Management Personnel
- Recommending the size and composition of the Board, establishing procedures for nomination process, and recommend candidates for selection to the Board.
- forming sub committees and delegation of authority when appropriate
- monitoring and evaluating current remuneration structures and levels in the Company;
- examining all major aspects of Company's organizational health and recommending changes necessary including organization design , hiring , training , development , deployment and motivation and
- any other responsibility as determined by the Board

12. APPOINTMENT OF NON- EXECUTIVE DIRECTOR, KMP OR AT EXECUTIVE LEVEL

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as non- executive director, KMP and Executive.

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.

Appointment of non-executive directors and KMPs are subject to compliance of provisions of the Companies Act, 2013.

The appointment as recommended by the Committee further requires the approval of the Board.

13. AUTHORITY

The Committee may at its sole discretion seek the advice of outside experts or consultants at the Company's expense to discharge its duties and responsibilities.

14. REMUNERATION

Efforts are made to ensure that remuneration of the Non-Executive Directors and the Executives matches the level in comparable companies, whilst also taking into consideration their required competencies, effort and the scope of the Board work and/or responsibility as the senior management.

A. Remuneration of Non-Executive Directors

The non-executive directors (including independent directors) on the Board receive a competitive remuneration package consisting of the following components:

- (a) **Sitting Fees:** Non-executive directors receive fixed sitting fees, which is decided by the Board in accordance with the Act.

In addition to the sitting fees, the non-executive directors, who are also members of the Board Committees, receive sitting fees for participation in such Board committee meetings including this Committee meeting. The sitting fees for participation in such Board committee meetings are also approved by the Board in accordance with the Act.

- (b) **Profit related commission:** The non-executive directors are entitled to profit related commission not exceeding 1% (one per cent) of the net profits of the Company. Such profit related commission is approved by the resolution of the shareholders in a general meeting of the Company, and if required under the Act, the Company will also obtain Central Government approval.
- (c) **Reimbursement of expenses:** Expenses in connection with Board and committee meetings are reimbursed as per account rendered.
- (d) **Stock Options:** The non-executive directors (except the independent directors) may be included in the share options programmes/ plans, whenever such programmes/ plans are formulated by the Company.
- (e)

B. Remuneration of KMP and Executive

The Board believes that a combination of fixed and performance-based pay to the Executives helps ensure that the Company can attract and retain the Executives. At the same time, the Executives are given an incentive to create shareholder value through partly incentive-based pay.

(a) Remuneration of KMP

The KMP's are employed under management service contracts, employment agreement or through appointment letter, and the Board sets the terms of such management service contracts, employment agreement or appointment letter.

However, if the Executive is a whole-time Director (including the managing Director), he / she may be appointed pursuant to a resolution of the Board, which is confirmed by the shareholders in the succeeding general meeting of the Company, and on such terms and conditions as the Board may deem fit, and confirmation.

The Committee submits proposals concerning the remuneration of the KMP's and ensures that the remuneration is in line with the prevailing market conditions and pay in the comparable companies. The proposals are submitted for approval in a Board Meeting, and where the proposal is in relation to appointment of Managing Director/ Whole Time Director, such proposal is also submitted for approval of the shareholders (by ordinary resolution, or in case of inadequacy of profits, by special resolution) in a general meeting of the Company, and if required, the Company also obtains Central Government approval. The remuneration package of the KMPs is reviewed annually by the Committee and the Board in the course of the performance appraisal.

(b) Remuneration of Executive

The employees at Senior Management are employed under management service contracts, employment agreement or through appointment letter, and the Nomination and Remuneration Committee sets the terms of such management service contracts, employment agreement or appointment letter. The remuneration package of the Senior Management is reviewed and approved annually by the Committee in the course of the performance appraisal.

The KMPs and Executives receive remuneration package consisting of the following components:

- **Fixed salary:** The fixed salary shall be competitive and reflective of the individual's role, responsibility and experience in relation to performance of day-to-day activities. The fixed salary shall include basic salary, special pay, and personal pay.
- **House rent allowance:** The KMPs and Executives shall be entitled to receive house rent allowance.

- **Variable components:** The variable pay may have the following components:-

Performance linked variable pay: The KMPs and Executives participate in a performance linked variable pay scheme which will be based the individual and company performance for the year, pursuant to which the KMP's and Senior Management are entitled to performance-based variable remuneration.

Share options: The Company may formulate share option programmes / plans for the KMP's and Executives and the Non-Executive Directors (except the independent Directors). The focus of such share option programmes /plan will be to retain the talent and create long-term shareholder value, and to ensure value creation and fulfilment of the Company's long-term goals.

- **Personal benefits:** The KMPs and Executives have access to a number of work-related benefits, including car, telephones, broadband at home, and work-related newspapers and magazines. The extent of individual benefits is negotiated with each individual executive.
- **Other emoluments/ allowances:** The KMP's and Executives may further receive the following emoluments:
 - medical reimbursement of up to one month's basic salary, in accordance with the Company's policies;
 - leave travel assistance of up to one month's basic salary; and
 - leave encashment, in accordance with the Company's policies.
 - Any other allowance
 - **Gratuity contributions:** Contributions are made in accordance with applicable laws, employment agreements and policies of the Company.
 - **Severance pay:** There are, in the usual course, no severance fees (routine notice period not considered as severance fees) or other severance benefits

15. REMOVAL

The Committee may recommend, to the Board with reasons recorded in writing, removal of a non-executive director, KMPs and Senior Management subject to the provisions and compliance of the applicable Act, rules and regulations, if any.

16. DISCLOSURE OF INFORMATION

This Policy must be disclosed in the Board's report.

17. DEVIATION FROM THE POLICY

The Board may, in individual or collective case, deviate from this Policy, in its absolute discretion, if there are particular reasons to do so. In the event of any departure from the Policy, the Board shall record the reasons for such departure in the Board's minutes.

18. 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.