

NOMINATION AND REMUNERATION POLICY

INTRODUCTION:

This Nomination and Remuneration Policy (“Policy”) has been formulated in terms of the provisions of Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, as amended from time to time. This policy is intended to set out on the criteria of Remuneration to Directors, Key Managerial Personnel and Senior Management as formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

DEFINITIONS:

- a) “Board” means Board of Directors of the Company.
- b) “Committee” means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable listing agreements and/or regulations.
- c) “Company” means Manorama Industries Limited.
- d) “Directors” means a Director appointed to the Board of the Company.
- e) “Independent Director” means a Director referred to in Section 149(6) of the Companies Act, 2013 and rules.
- f) “Key Managerial Personnel” means:
 - Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
 - Chief Financial Officer;
 - Company Secretary; and
 - such other officer as may be prescribed.
- g) “Remuneration” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;
- h) “Senior Managerial Personnel” mean the personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management, of rank equivalent to General Manager and above, including all functional heads.

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

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CONSTITUTION:

The Nomination and Remuneration Committee was constituted by the Board on 02nd May, 2018. This is in line with the requirements under the Companies Act, 2013 ("Act"). The Board has authority to reconstitute this Committee from time to time.

OBJECTIVE:

The objective of the policy is to ensure that:

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors Key Managerial Personnel and Senior Management of the quality required to run the company successfully;
- The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- The 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; and
- Remuneration may be subject to revision from time to time in line with company performance.

ROLE OF THE COMMITTEE:

The role of the NRC will be the following:

- To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- To formulate criteria for evaluation of Independent Directors and the Board.
- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- To carry out evaluation of Director's performance.
- To recommend to the Board the appointment and removal of Directors and Senior Management.
- To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- To devise a policy on Board diversity, composition, size.
- Succession planning for replacing Key Executives and overseeing.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

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APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT:

- 1) 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 his / her appointment, as per Company's Policy.
- 2) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
- 3) 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.

TERM / TENURE:

- 1) Managing Director/Whole-time Director: The Company shall appoint or re-appoint any person as its Managing Director and CEO or Whole Time 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 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 of upto maximum of 5 years each, 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.

BOARD EVALUATION:

The Committee shall formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company, Committees of the Board and the Board. The performance evaluation of the Independent Directors shall be carried out by the entire Board. The performance evaluation of the Chairman and the Non - Independent Directors shall be carried out by the Independent Directors at a separate meeting held for this purpose. The performance evaluation shall be carried out on yearly basis or at such intervals as may be considered necessary.

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REMOVAL:

Due to reasons for any disqualification mentioned in the Companies Act 2013, the Committee may recommend with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013, rules and regulations and the policy of the Company.

RETIREMENT:

The Whole Time 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.

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POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL

1) REMUNERATION TO MANAGING DIRECTOR / WHOLE-TIME DIRECTORS:

- a) The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, 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 and the approvals obtained from the members of the Company.
- b) The Committee shall make such recommendations to the Board, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

2) REMUNERATION TO NON- EXECUTIVE / INDEPENDENT DIRECTORS:

- a) The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Committee and approved by the Board of Directors.
- b) All the remuneration of the Non- Executive / Independent Directors (excluding sitting fees paid for attending meetings) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Committee and approved by the Board or the members, as the case may be.
- c) An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share-based payment schemes of the Company.
- d) Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration

3) REMUNERATION TO KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT:

- a) The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive any, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's HR Policy and shall be based on industry standards, linked to performance of the self and the Company.
- b) The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

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4) REMUNERATION TO OTHER EMPLOYEES

The remuneration to other employees shall be based on Company's overall philosophy and guidelines. Other employees (as may be agreed upon by the Company) shall be eligible to get Stock Options and also shall be eligible to participate in any share based payment schemes of the Company.

IMPLEMENTATION

- The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- The Committee may Delegate any of its powers to one or more of its members.

DISCLOSURES

This policy shall be disclosed in the Board Report.

LIMITATION AND AMENDMENT

The Board of Directors may in their discretion or on recommendation of the Nomination and Remuneration committee, make any changes/modifications and/or amendments to this Policy from time to time.

Requirements with respect to quorum, notice of meeting, documentation, etc shall be in conformity with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government, unless expressly stated otherwise.

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over and automatically be applicable to this Policy and the relevant provisions of the Policy would be amended/modified in due course to make it consistent with the law.

POLICY REVIEW

This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification to the policy as recommended by the Committee would be placed before the Board of Directors for their approval.