

**NOMINATION
AND
REMUNERATION POLICY
OF
MERINO INDUSTRIES LIMITED**

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NOMINATION AND REMUNERATION POLICY OF MERINO INDUSTRIES LIMITED

1. INTRODUCTION

The Nomination & Remuneration Policy ("**Policy**") of Merino Industries Limited ("**the Company**") is being formulated in terms of the provisions of Section 178 of the Companies Act, 2013 ("the Act") and other applicable provision(s) and their amendments from time to time.

This Policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel has been formulated by the Nomination and Remuneration Committee ("the Committee") and has been approved by the Board of Directors of the Company.

2. OBJECTIVE AND PURPOSE

The objectives and purpose of this Policy are:

- a) To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a director (Whole-time/non-executive/independent) of the Company ("**Director**"); and
- b) To recommend policy relating to the remuneration of the Directors, KMP and Senior Management to the Board of Directors of the Company ("**Board**").

This includes reviewing and approving corporate goals and objectives relevant to the compensation of the whole-time Directors, evaluating their performance in light of those goals and objectives and either as a committee or together with the other independent Directors (as directed by the Board), determine and approve Whole Time Directors' compensation based on this evaluation; making recommendations to the Board with respect to KMP and Senior Management compensation and recommending incentive-compensation and equity-based plans that are subject to approval of the Board.

3. CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE

The Board has constituted the "Nomination and Remuneration Committee" as per provisions of Section 178 of Companies Act, 2013. Further, this policy has been framed in order to meet the requirements of the said "Act". This Policy entails the functioning of the Nomination and Remuneration Committee.

The Board has authority to reconstitute this Committee from time to time.

4. 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.
- c) 'Company' means Merino Industries Limited.
- d) 'Directors' means directors of the company who are appointed on the Board in accordance with the Companies Act, 2013.
- e) "Key Managerial Personnel"
- i. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
 - ii. Chief Financial Officer;
 - iii. Company Secretary;
 - iv. Such other officers as may be prescribed.
- f) "Senior Managerial Personnel" means the such officers and personnel of the company who are members of its core management team excluding Board of Directors and normally this category would comprise all members of the management one level below the chief executive officer/managing director/whole-time director's/ manager and shall specifically include company secretary and chief financial officer.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Act or any other act/regulation's as may be amended from time to time shall have the meaning respectively assigned to them therein.

5. APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL ("KMP")

- i. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or Senior Management Personnel and make recommendations to the Board about his/her appointment.
- ii. 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.
- iii. The Company shall not appoint or continue to have any person as Whole-time Director who has attained the age as prescribed in the companies act, 2013 and shall not appoint or continue any person as Independent Director who has attained the age of seventy years, provided that the term of the person holding such position may be extended beyond the age of seventy years years with the approval of shareholders by passing a special resolution.
- iv. Basis the performance evaluation report of an Independent Director, the committee shall recommend to the Board, whether to extend or continue the term of appointment of the Independent Director.

The Committee should ensure that the Board of Directors of the Company comprises of individuals having appropriate qualification & experience in accordance with prescribed law and criteria for determining qualification & positive attributes as provided in this policy.

6. CRITERIA FOR DETERMINING QUALIFICATION & POSITIVE ATTRIBUTES

The Committee shall evaluate that each of the directors continues in his / her endeavor to optimize resources, make value additions, increase revenue and curtail wastage.

Even broad benchmarking of remuneration profile in an industry comparable in terms of size, complexity of operations and profile of the directors would not be appropriate. However, the Nomination & Remuneration Committee shall always bring about objectivity while approving such remuneration to be payable to a director.

7. TERM/ TENURE

a) Executive Chairman/ Managing Director/ Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman or Managing Director or Whole-time Director or Executive Director for a term not exceeding upto five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director:

An Independent Director shall hold office for a term up to five consecutive years and will be eligible for re-appointment upon 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 maximum 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 the maximum number prescribed in the applicable regulations in force.

c) Non - Executive Director:

The Board has authority to appoint Non-Executive Directors on the Board after reviewing the composition of Directors on the Board of the company. The Non-Executive Director shall hold office for a term up to five consecutive years and will be eligible for re-appointment upon passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

8. REMOVAL

Due to reasons for any disqualification mentioned in the Act, rules and regulations made



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thereunder, or under any other applicable law, or for any other compelling reasons, the Committee may recommend with reasons to be recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to compliance of the provisions the Act, rules and regulations and the Policy of the Company.

9. RETIREMENT

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

10. POLICY FOR REMUNERATION TO DIRECTORS/KEY MANAGERIAL PERSONNEL/ OTHER EMPLOYEES

i. Remuneration to Managing Director / Whole-time Directors:

The remuneration/ commission, etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Act and rules made there under or any other enactment for the time being in force and within the overall limits approved by the shareholders of the Company.

ii. Remuneration to Non- Executive/ Independent 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.

Independent Directors ("ID") and Non-Independent Non-Executive Directors ("NED") may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members). Quantum of sitting fees may be subject to review on a periodic basis, as required.

Overall remuneration (sitting fees) practices should be consistent with the recognised best practices. In addition to the sitting fees, the Company may pay / reimburse to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his / her role as a Director of the Company.

iii. Remuneration to Key Managerial Personnel and Other Employees:

The remuneration to Key Managerial Personnel and Other Employees shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013, other legislative enactments, if any, and in accordance with the Company's Policy.

The fixed pay shall include monthly remuneration, employer's contribution to provident fund, contribution to pension fund, pension schemes, etc. as decided from time to time.

The compensation to Senior Management Personnel should be recommended to the Board by the Committee.

11. IMPLEMENTATION

The Committee is responsible for recommending the Board on implementation of this policy to the Board. The Board is responsible for approving and overseeing implementation of this policy.

12. REVIEW OF THE POLICY

This Policy will be reviewed and reassessed by the Committee as and when required due to change in regulations or as may be felt appropriate or desirable 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.