

Nomination and Remuneration Policy

Introduction

Company considers human resources as its invaluable assets and chief contributor to the business performance of the Company. Following the philosophy of attracting, nurturing and retaining the talent, it believes in paying equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize their aspirations consistent with the goals of the Company.

In terms of the provisions of the Companies Act, 2013 and the listing agreement as amended from time to time this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors.

Objective

The objective and purpose of this policy are:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To determine remuneration based on the Company's size, financial position and trends and practices on remuneration prevailing in peer companies, in the chemical industry.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To provide them reward linked directly to their performance and potential relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on 29th July, 2014.

Effective Date:

This policy shall be effective from 29th July, 2014.

Constitution of the Nomination and Remuneration Committee:

The Board has formed the "Nomination and Remuneration Committee" on 6th May, 2014.

The Nomination and Remuneration Committee comprises of following Directors:

1. Mr. Suresh Talwar - Chairman (Independent Non – Executive Director)
2. Dr. Guido Forstbach - Member (Non-Independent Non – Executive Director)
3. Mr. Ravindra Kulkarni - Member (Independent Non – Executive Director)

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

Definitions:

1. Board - means Board of Directors of the Company.
2. Directors - means Directors of the Company.

3. Committee - means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.

4. Company - means ELANTAS Beck India Limited.

5. Independent Director - means a director referred to in Section 149 (6) of the Companies Act, 2013.

6. Key Managerial Personnel (KMP) - means

- (i) Managing Director;
- (ii) Whole-time Director;
- (iii) Chief Financial Officer;
- (iv) Company Secretary;
- (v) Such other officer as may be prescribed under the applicable statutory provisions / regulations.

7. Senior Management - means personnel of the Company occupying the following positions in the Company:

- Head of Sales and Marketing
- Head of Manufacturing
- Head of Research and Development
- Head of HR

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:

- Directors (Executive and Non-Executive)
- Key Managerial Personnel
- Senior Management Personnel

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

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 nomination and remuneration 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 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, KMP and Senior Management Personnel.

PART – B

Policy for appointment and removal of director, KMP and senior management

Appointment criteria and qualifications:

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 to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion shall decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
3. The Company shall not appoint or continue the employment of any person as Wholetime Director who has attained the age of sixty five years. Provided that the term of the person holding this position may be extended beyond the age of sixty five 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 sixty five years.

Term / Tenure:

1. Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as Managing 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:

a) 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.

b) 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. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1st October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.

c) 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.

Evaluation:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly). For the purpose of this evaluation, the Committee can rely on ALTANA's well laid down procedure for evaluation.

There is an objective based evaluation of performance for the Managing Director The evaluation is carried out by the ELANTAS Division President.

The evaluation of other Key Managerial Personnel and senior managerial personnel takes place locally. This is done by the Managing Director.

The criteria for performance evaluation of the Independent Directors will be separately laid down and thereafter the same shall form an integral part of this policy.

Removal:

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, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

Retirement:

The Director, KMP 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, KMP, 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 whole-time director, KMP and Senior Management Personnel

General:

1. The remuneration payable to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval.
2. The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the provisions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules made thereunder.
3. 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 Whole-time Director. Increments will be effective from 1st July in respect of a Whole-time Director and 1st April in respect of KMP and senior management personnel of the Company.
4. Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, 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.

Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

1. Fixed pay:

The Whole-time Director, KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. 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 decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

2. Minimum Remuneration:

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

3. Provisions for excess remuneration:

If any 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.

Remuneration to Non- Executive / Independent Director:

1. Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder.

2. Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

3. Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

4. Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

Other general guiding principles:

- i) Performance period for annual increment – January to December;
- ii) The management employees joined between 1st April to 30th September gets salary revision in following April along with other employees.
- iii) The management employees joined between 1st October to 31st March get average rise in Basic at the time of confirmation in employment or as mentioned in the appointment letter.

Compensation Structure:

Fixed Pay:

Monthly

- Basic
- House Rent Allowance
- Medical Allowance
- Special Allowance
- Grade Allowance
- Utility Allowance

Appointment letter or contract will form the basis of eligibility of allowances mentioned above.

Yearly

- LTA
- Performance Linked Incentive (Variable pay)*

Appointment letter or contract will form the basis of eligibility of allowances mentioned above.

Retirals as per the company policy

- Provident Fund
- Superannuation
- Gratuity

*Variable Pay:

- Annual Performance Linked Incentive (PLI). The amount is determined considering
 - Company's performance and
 - Individual performance
- For new joiners; pro-rata PLI for number of months, i.e. for the period from date of joining to 31st December.

Employee Benefits:

To continually enhance the standard of living of the covered employees and to ensure continual long term engagement, the Company believes in extending following benefits/welfare facilities to the covered employees which are other than statute. The details of these benefits are as per the HR policies of the Company:

- (a) Group personal accident policy for all employees
- (b) Annual occupational health examination
- (c) Group Medisave Insurance Policy
- (d) Canteen Facility
- (e) Transport facility at Pimpri – Company owned/leased car as per the Company Car Policy or based on conditions agreed during hiring
- (f) Long Service Award
- (g) Reimbursement/ Allowances, if any.
- (h) Professional Membership

(i) Retirement Award

(j) Housing loan or interest differential as applicable as per the company rules
