



# **RACL Geartech Limited**

## **NOMINATION AND REMUNERATION POLICY**

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### **Introduction:**

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees 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 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated and amended from time to time by the Nomination and Remuneration Committee and approved by the Board of Directors.

### **Objective and purpose of the Policy:**

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 and financial position and trends and practices on remuneration prevailing in peer companies, in the Auto Component 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 effort, performance, dedication and achievement 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 and amended from time to time by the Nomination and Remuneration Committee and adopted by the Board of Directors.

### **Effective Date:**

This policy was effective from 1<sup>st</sup> April, 2014.

### **Constitution of the Nomination and Remuneration Committee:**

As per the provisions of Section 178 of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Erstwhile Clause 49 of the Listing agreement). The Board has changed the nomenclature of Remuneration Committee by renaming it as Nomination and Remuneration Committee on 31<sup>st</sup> July, 2014. At present, the Nomination and Remuneration Committee comprises of following Directors:

<b>Sr. No.</b>	<b>Name of the Members</b>	<b>Designation</b>
1.	Mr. Shashank Ramesh Anikhindi, Independent Director	Chairperson
2.	Mr. Rakesh Kapoor, Independent Director	Member
3.	Mr. Anil Sharma, Non- Executive Director	Member
4.	Mr. Gursharan Singh, Chairman & Managing Director	Member

The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirement. The Committee was last reconstituted on 11<sup>th</sup> November, 2019.

#### **Definitions:**

- **Board** means Board of Directors of the Company.
- **Directors** means Directors of the Company.
- **Committee** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- **Company** means RACL Geartech Limited.
- **Independent Director** means a director referred to in Section 149 (6) of the Companies Act, 2013 and in other applicable act(s) or regulation(s).
- **Key Managerial Personnel (KMP)** ,in relation to a company, means –
  - the Chief Executive Officer or the Managing Director or the Manager;
  - the Company Secretary;
  - the Whole-Time Director;
  - the Chief Financial Officer; and
  - Such other officer as may be prescribed under the applicable statutory provisions/ regulations.
- **Senior Management** means who are members of its core management team excluding Board of Directors and all members of the management one level below the Executive Director, including the 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 in other applicable act(s) or regulation(s) 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 and;

**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 to decide whether qualification, expertise and experience possessed by a person are sufficient/ satisfactory for the concerned 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 based on the explanatory statement annexed to the

notice for such motion indicating the justification for extension of appointment beyond seventy years.

- **Term/ Tenure:**

- 1. Managing Director/Whole-time Director:**

Pursuant to the provisions of the Companies Act, 2013 or other applicable act(s) or regulation(s), the Company may appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director/ whole time director, provided that the Managing Director or Executive Director/ whole time director shall not be appointed or re-appointed for a term exceeding five (5) 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 may hold office for two terms up of maximum five consecutive years on the Board of the Company and will be eligible for re-appointment for reappointment for 2<sup>nd</sup> Term 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 or reappointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves shall be as per the provisions of the applicable act(s) or regulations(s).

- **Senior Management Appointment**

In order to carry out day-to-day recruitments/appointments of the Senior Management Personnel, the power is delegated to the Chairman & Managing Director, who shall shortlist, finalize, appoint the suitable person and fix the remuneration subject to review, endorsement and approval of the Nomination & Remuneration Committee.

- **Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and other applicable act(s) or regulation(s), the Committee shall carry out evaluation of performance of every Director at regular interval (yearly).

- **Mechanism/Criteria for evaluating the performance of every Director (Including Independent Directors) and Board:**

The evaluation of performance of every Director (Including Independent Directors ) and Board shall be carried out annually based on the criteria of attendance and contributions at

Board/ Committee Meetings as also for the role played other than at Meetings and other criteria as may deemed fit by the committee time to time.

- **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 to be paid to the Managing Director or Whole Time Director, if any shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder and other applicable Act(s) or Regulation(s).
2. The remuneration to the KMP (other than Managing Director or Whole Time Director) and Senior Management Personnel will be determined by the Committee (as may be recommended by the Managing Director) and subject to the Board approval, if required.
3. Increments to the existing remuneration structure may be recommended by the Committee to the Board which shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder and other applicable Act(s) or Regulation(s).
4. Where any insurance is taken by the Company on behalf of its Chairman, Managing Director, Joint Managing Director, Chief Executive Officer, Chief Financial Officer, 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 Managing Director, KMP and Senior Management Personnel:**

- 1. Remuneration and Perquisites:**

The Managing Director, 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 breakup 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 Managing Director or Whole time Director in accordance with the provisions of the Companies Act, 2013 and other applicable Act(s) or Regulation(s).

- **Remuneration to Non- Executive / Independent Director:**

**Sitting Fees:**

The Non- Executive/Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof or fee/compensation etc. for any other purpose whatsoever as may be decided by the Board, provided that the amount of such fees/compensation etc. shall be in accordance with the provisions of the Companies Act, 2013 and other applicable act(s) or regulation(s).

- **Other employees Remuneration**

The Managing Director and other senior executives (as relevant) will review the remuneration of all other employees not otherwise specified in this policy.

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