

## **GRAUER & WEIL (INDIA) LTD.**

### **POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND THEIR REMUNERATION**

The Nomination and Remuneration (N&R) Committee has laid down the following guidelines, inter alia, to deal with the manner of selection of Board of Directors and Key Managerial Personnel and their remuneration..

#### **1. Criteria of selection of Non Executive Directors**

- a.** The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.
- b.** In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
- c.** The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- d.** The N&R Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.
  - i.** Qualification, expertise and experience of the Directors in their respective fields;
  - ii.** Personal, Professional or business standing;
  - iii.** Diversity of the Board.
- e.** In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

#### **2. Remuneration**

The Non Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings and commission as detailed hereunder:

- a.** A Non Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within

the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;

- b. A Non Executive Director will also be entitled to receive commission payable quarterly, of such sum as may be approved by the Board on the recommendation of the N&R Committee;
- c. The N&R Committee may recommend a higher commission for the Chairman of the Board of Directors and its Committees, taking into consideration his overall responsibility;
- d. In determining the quantum of commission payable to the Directors, the N&R Committee shall make its recommendation after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Director.
- e. The N&R Committee may recommend to the Board, for the payment of different amounts of commission to the Directors depending on their participation and membership of different Committees of the Board, subject to a ceiling on the total commission payable as may be decided;
- f. The total commission payable to the Directors shall not exceed 1% of the net profit of the Company;
- g. The commission shall be payable on prorata basis to those Directors who occupy office for part of the year.
- h. The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company, if any, introduced by the Company.

### **3. Key Managerial Personnel (KMP) - Criteria for selection / appointment:**

For the purpose of selection of KMP, the N&R Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board. The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

### **4. Remuneration Policy for the Senior Management Employees**

- a. In determining the remuneration of the Senior Management Employees (i.e. KMPs and Executive Committee Members) the N&R Committee shall ensure / consider the following:

- i. the relationship of remuneration and performance benchmark is clear;
  - ii. the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
  - iii. the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
  - iv. the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs / KPIs, industry benchmark and current compensation trends in the market.
  
- b. The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein-above, whilst recommending the annual increment and performance incentive to the N&R Committee for its review and approval.

## **5. PERFORMANCE EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board will carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and other Committees. A structured questionnaire would be prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise will be carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. Performance evaluation of Independent Directors will be carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors will be carried out by the Independent

Directors