

**NOMINATION
AND
REMUNERATION POLICY
FOR POONA DAL & OIL
INDUSTRIES LIMITED**



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NOMINATION AND REMUNERATION POLICY

Poona Dal And Oil Industries Limited (the “Company”) has formulated this policy to provide a framework for the nomination, evaluation and remuneration of members of the board of directors of the Company (the “Board”), key managerial personnel (KMP’s) and other senior employees of the Company.

This Policy on remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and other employees is framed in compliance with Section 178 of the Companies Act, 2013 (the “Act”) read with rules made there under, as amended and the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 i.e [Listing Regulations] to the extent applicable.

- **DEFINITIONS:**

The terms used herein shall have the same meaning as given to them in Companies Act, 2013, unless the context requires otherwise.

- **APPLICABILITY:**

This policy is applicable to:

1. Directors
2. Key Managerial Personnel
3. Senior Management Personnel
4. Other employees of the Company as the Committee / Board may deem fit.

- **NOMINATION/ APPOINTMENT AND REMOVAL CRITERIA FOR DIRECTORS:**

The Committee shall formulate criteria and review them on an ongoing basis, for determining qualifications, skills, expertise, qualities, positive attributes required to be a Director of the Company. The criteria to be formulated need not be only beneficial to the Company but also will need to consider the qualities, including independence for Independent Directors, and expertise essential for the Company to operate going forward and in changing business environment.

Following is the criteria recommended by the Committee and approved by the Board for nominating a candidate:

- a) composition of the Board, taking into consideration the size of the Company and consistent with the requirement of law;
- b) diversity on the Board;
- c) term of appointment of Independent Director;
- d) optimal balance of skills and relevant experience; professional qualifications,



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- e) expertise and experience in specific area of business;
- f) no present or potential conflict of interest;
- g) availability of time and other commitments for proper performance of duties;
- h) personal characteristics in line with the Company's values, such as integrity, honesty, and transparency;
- i) remuneration of Board, Key Managerial Personnel and other employee(s); and
- j) any other criteria which may be added by the Board at its discretion.

• **GENERAL CRITERIA FOR APPOINTMENT/ REMOVAL OF DIRECTORS AS WELL AS KMP AND SMP:**

- 1) The Committee shall consider the qualification, skill, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.
- 2) The age of person to be appointed as a Non-Executive Director shall not be less than 21 years and more than 75 years. Under exceptional circumstances, the Committee may at its discretion recommend to the Board waiver of upper age limit.
- 3) The age of person to be appointed as an Executive Director shall not be less than 21 years and not more than 70 years.
- 4) The Company should ensure that the person so appointed as Director is not disqualified under the Companies Act, 2013, rules made thereunder, Listing Regulations or any other enactment for the time being in force.
- 5) The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder, Listing Regulations or any other enactment for the time being in force.
- 6) The Committee may recommend to the Board for removal of a director on account of any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground. The Committee may also recommend to the Board for removal of KMP or SMP subject to the provisions and compliance of the applicable Act, rules and regulations.



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- **BOARD DIVERSITY:**

The Board shall have an optimum composition of Directors by ensuring experts from different fields viz. finance, management, sales, marketing, engineering, research, technical operations or any other areas related to the Company's business. There will be a balance of skills & experience. to steer the Company towards achievement of its Vision and attainment of its short term and long-term objectives.

- **REMUNERATION POLICY:**

The remuneration / compensation / commission etc. to be paid to the Managing Director, Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for their approval. The remuneration compensation / commission etc. shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required.

The level and composition of remuneration so determined by the Committee shall be 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 should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals:

A. Executive Directors:

Besides the above Criteria, the remuneration / compensation / commission etc. to be paid to Director / Managing Director 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. The terms and conditions of appointment and tenure shall be recommended by the Committee and approved by the Board. The Board may vary any terms or conditions from time to time within the tenure subject to such approvals as may be required under the Act. The remuneration components shall include inter alia:

a) **Fixed salary:**

Each Executive Director shall be paid fixed salary consisting of basic salary and such allowances and perquisites as may be approved by Board based on recommendation of Committee and performance evaluation of each Executive Director from time to time, subject to overall limits as prescribed under the Act.



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b) Commission:

The Board may approve payment of commission subject to the limits provided in the Act. The eligibility and the amount of commission to be paid to each director shall be recommended by the Committee on the basis of the performance evaluation of the director undertaken by the Committee and the Board.

c) Perquisites:

Executive Director may also be entitled to personal accident insurance, group accident insurance coverage, medical insurance coverage, term insurance or any other benefit as per Company policy.

d) Separation / Retirement benefits:

Executive Director shall be eligible to the following perquisites which shall be included in the computation of the ceiling on remuneration provided in the Act:

- 1) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961 or any amendment thereof
- 2) Gratuity payable at a rate not exceeding one month's salary for each completed year of service and
- 3) Encashment of leave at the end of the tenure

In case of loss or inadequacy of profits of the Company, the aforesaid perquisites shall not be included in computation of the ceiling on remuneration provided in the Act.

B. Non-executive / Independent Directors:

The Company shall issue a letter of appointment to every Non-Executive Independent Director.

The components of payment of remuneration to Non-Executive Directors shall include:

Sitting fees: Sitting fees shall be paid for Board Meetings and any Committee Meetings attended by the Director. Different amount of sitting fees may be paid for different types of meetings within limits as prescribed under the Act. Currently no sitting fees have been paid to the Non-Executive directors of the Company

C. KMPs / Senior Management Personnel / other employees:

The remuneration components payable to KMP / SMP may be:

a) Fixed salary:

Each KMP / SMP shall be paid fixed salary consisting of basic salary and such



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allowances and perquisites as per service rules of the Company. The band of the salary shall be determined according to the industry standards, market conditions, scale of Company's business relating to the position, educational qualification parameters and experience in the industry as detailed in the service rules of the Company and such other factors as may be prescribed therein. The same shall be reviewed annually based on the Company's annual appraisal policy.

b) Perquisites / Other Benefits:

Perquisites / Other Benefits are benchmarked with Industry practices from time to time keeping an overall salary structure in mind. These may include petrol reimbursement, vehicle maintenance, telephone, reimbursement of mobile phone bill and reimbursement of medical expenditure for self and family and such other benefits as per Company Policy.

c) Annual Pay Revision / Promotion:

Evaluation of KMP / SMP shall be based on appraisal against stated Objectives / Goals of the individual which in turn shall be aligned to the Functional and Enterprise Score Card. Key Result Areas (KRAs) are set at the beginning of the year. Pay revisions / promotions will be achievement oriented and will also have reference to Industry benchmarks, where appropriate.

d) Separation / Retirement benefits:

Separation / retirement benefits as per Company policy which shall include contribution to provident fund, superannuation, gratuity and leave encashment.

AMENDMENTS:

The Board shall have the power, on its own and / or on recommendation of the Committee, to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.