

CHANDNI MACHINES LIMITED

NOMINATION & REMUNERATION POLICY

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of 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 Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

1. DEFINITIONS:

“Act” means the Companies Act, 2013 and Rules framed there under, as amended from time to time.

“Board” means Board of Directors of the Company.

“Directors” means the Directors of the company.

“Remuneration” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

“Key Managerial Personnel” means:

- i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- ii) Chief Financial Officer;
- iii) Company Secretary; and
- iv) such other officer as may be prescribed

“Other employees” means all employees other than the Directors, KMPs and the Senior Management Personnel.

“Senior Management” means Senior Management means the personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

2. OBJECTIVE:

The objective of the policy is to ensure that

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

3. ROLE OF THE COMMITTEE:

- Formulation of the criteria for determining qualifications, positive attributes, and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of performance of independent directors and board of directors;
- Devising a policy on diversity of board of directors;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down;
- Recommend to the board of directors appointment and removal of directors and senior management personnel;
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of the independent directors.
- Recommend to the board, all remuneration in whatever form, payable to senior management.

4. APPOINTMENT CRITERIA AND QUALIFICATIONS:

- 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
- 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.
- 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.

5. TERM/TENURE

a) Managing Director/ Whole Time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, 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.

b) Independent Director:

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.

No Independent Director shall hold office for more than two consecutive terms of up to maximum of 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.

6. EVALUATION

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary.

7. REMOVAL

Due to reasons for any disqualifications mentioned in the Act or under any other applicable Act, rules and regulations there under, 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.

8. RETIREMENT

The Directors, KMP 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 in 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.

9. POLICY FOR REMUNERATION TO DIRECTORS/ KMP/ SENIOR MANAGEMENT PERSONNEL

a. Remuneration to Managing Directors / Whole Time Directors

- (i) The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, 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 and the approvals obtained from the members of the company.
- (ii) The Nomination and Remuneration committee shall make such recommendations to the Board of Directors, as it may considered appropriate with regard to remuneration to Managing Director / Whole Time Directors.

b. Remuneration to Non- Executive and Independent Directors

- (i) The Non-Executive Independent Director may receive remuneration/ compensation/ commission as per the provisions of the Companies Act, 2013. The amount of sitting fees shall be subject to limits as provided under the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.
- (ii) An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company

(iii) Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:

- The Services are rendered by such Director in his capacity as the professional; and
- In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

c. Remuneration to Key Managerial Personnel and Senior Management

- (i) The remuneration to Key Managerial Personnel and Senior Management may consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
- (ii) The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

10. IMPLEMENTATION

- (i) The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- (ii) The committee may delegate any of its powers to one or more of its members.
