

NOMINATION & REMUNERATION POLICY	Policy Owner: Company Secretariat Approved by: Board of Directors on November 12, 2018
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1. Title

This policy shall be called the '**Nomination & Remuneration Policy**'.

The Company considers human resources as its valuable assets. With this objective, this policy on Nomination & Remuneration of Directors, Key Managerial Personnel ("KMP") and Senior Management ("Policy") has been formulated to harmonise the aspirations of human resources with the goals of the Company.

This policy has been prepared pursuant to the statutory provisions of Section 178(3) of the Companies Act, 2013 ("Act") and the SEBI (Listing Obligations & Disclosure Requirements), Regulation 2015 ("LODR").

2. Policy Objectives

- 2.1 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;
- 2.2 To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- 2.3 To ensure that 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.
- 2.4 To ensure retention of high performers at all levels`

3. Definitions

- 3.1. "**Act**" means the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time.
- 3.2. "**Board**" means Board of Directors of the Company
- 3.3. "**Committee**" means the Nomination and Remuneration Committee of the Board;
- 3.4. "**Company**" means National Standard (India) Limited
- 3.5. "**Director**" means a director appointed to the Board of the Company
- 3.6. "**Independent Director**" means a Director referred to in Section 149 (6) of the Act

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3.7. **“Key Managerial Personnel (KMP)”** means

- i. the Managing Director or the Chief Executive Officer of the Manager and in their absence, a whole time director
- ii. the Company Secretary
- iii. the Chief Financial Officer
- iv. Such other officer as may be prescribed under the Act.

3.8. **“Senior Management”** shall mean executives who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the executive directors, including all functional heads.

Words and expressions used and not defined in this Policy shall have the meaning ascribed to them in the SEBI Listing Regulations, the Securities and Exchange Board of India Act, 1992, as amended, the Securities Contracts (Regulation) Act, 1956, as amended, the Depositories Act, 1996, as amended, or the Companies Act and rules and regulations made thereunder.

4. The Policy and guiding principles

The Board has constituted a Nomination and Remuneration Committee in line with the provisions of the Companies Act 2013. This Policy sets out guiding principles for the Committee for ensuring Board diversity and recommending to the Board, the appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Personnel of the Company.

4.1. Board Diversity

The Company recognises the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. The Company believes that a truly diverse Board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, race and gender, which will ensure that the Company retains its competitive advantage. The Company further believes that a diverse Board will contribute towards driving business results, make corporate governance more effective, enhance quality and responsible decision making capability, ensure sustainable development and enhance the reputation of the Company.

4.1.1. The Committee shall ensure that the Board shall have an optimum combination of executive, non-executive and independent directors in accordance with requirements of the Companies Act, SEBI Listing Regulations and other statutory, regulatory and contractual obligations of the Company.

4.1.2. The Committee shall review the profile of the prospective candidates for appointment as director on the Board taking in consideration knowledge, experience, financial literacy / expertise, global market awareness and other relevant factors as may be considered appropriate and the Board shall be so formulated with mix of members to maintain high level of ethical standards. The Committee shall also take into consideration the provisions of the Companies Act, SEBI Listing Regulations and other statutory, regulatory and contractual obligations of the Company.

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4.2. **Appointment Key Managerial Personnel and Senior Management**

The Committee shall identify and ascertain the qualifications, positive attributes and area of expertise of the person for appointment as KMP or senior management and recommend to the Board for approval.

4.3. **Remuneration to Directors**

4.3.1. Remuneration to Directors, Managing Directors, whole time directors and managers shall be governed by the provisions of the Act.

4.3.2. Non executive directors shall be entitled to sitting fees for attending meetings of the Board and its Committees as approved by the Board from time to time.

4.3.3. Independent Directors shall be entitled to a profit linked commission as may be approved by the Board in addition to the sitting fees. The aggregate commission payable shall be recommended by the Committee to the Board based on company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board.

The Committee shall recommend to the Board the quantum of commission for each director based upon the outcome of the evaluation process, including factors relating to attendance and time spent in the Board and committee meetings, individual contribution at meetings and contributions made by directors other than in meetings.

4.3.4. The Company may pay to any director such fair and reasonable expenditure, as may have been incurred by the director while performing his role as a director of the company, in addition to sitting fees and commission.

4.3.5. The Board, on the recommendation of the Committee, shall approve the remuneration payable to whole time and executive directors within the limits approved by the shareholders.

4.4. **Remuneration to Key Managerial Personnel**

The Committee shall:

- i. Shortlist and recommend names of candidates for appointment as KMP.
- ii. Recommend to the Board the remuneration payable to KMPs.
- iii. Oversee the goals set up for KMPs with a view to ensure appropriate cascading across the company.
- iv. Oversee the performance of KMPs for the relevant year.

The Chairman of the Committee may periodically brief the Committee on the goals and achievements of the KMPs, the progress of cascading, their performance review and methodology of remuneration computation at time of annual appraisal.

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4.5. **Remuneration to Senior Management**

Senior Management shall be assigned grades according to their qualifications, work experience and competencies and their role and responsibility in the organization. Individual remuneration shall be based on various factors such as job profile, skill sets, seniority, experience, performance and other benchmarking parameters.

4.6. **Evaluation, Performance linked variable pay and annual increments**

4.6.1. The Committee shall carry out an annual evaluation of performance of the Board/Committees, key managerial personnel and senior management.

4.6.2. Executive Directors, KMPs and Senior Management shall be entitled to a performance linked variable pay which shall be directly linked to individual performance and overall business performance. They shall also be entitled to annual increments which shall be reviewed and approved by the Committee at an organizational level.

4.7. **Retention schemes**

The Company may implement reward & retention schemes from time to time as per organizational needs. These shall be subject to approval of the Committee.

5. **Modification and amendment**

This Policy may be reviewed and amended by the Board as and when any changes are to be incorporated due to changes in the regulations or as thought necessary or appropriate by the Board.

Any changes or modification to this Policy shall be recommended by the Committee to the Board for its approval.