

NITTA GELATIN INDIA LIMITED

REMUNERATION POLICY

Nitta Gelatin India Limited (hereinafter referred as the 'Company') wants adherence to a corporate culture that is based on the tenets of trusteeship, empowerment, accountability, control and ethical practices with emphasis on transparency- all for creation of maximum value for the stakeholders. In that direction, a Remuneration Policy is evolved, which also has to meet the prevalent legal requirements. The Company had already constituted a Nomination and Remuneration Committee of the Board of Directors (Board).

BRIEF OVERVIEW UNDER COMPANIES ACT 2013 AS AGAINST FACTS OF OUR CASE

{Section 178 and Companies (Meetings of Board and its Powers] Rules 2014}

- (1) It is worthwhile considering the Company Law provisions on constitution of Nomination and Remuneration Committee, its powers and the law bearing on formulation of the Remuneration Policy
- (2) Constitution of the Nomination and Remuneration Committee consisting of three or more Non- Executive Directors out of which not less than one- half shall be independent directors
- (3) The Nomination and Remuneration Committee shall identify 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 their appointment and removal and shall carry out evaluation of every Director's performance.
- (4) The Nomination and Remuneration Committee does formulate the criteria for determining qualifications, positive attributes and independence of a Director recommending to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and Senior Management Personnel meaning thereby employees of the Company who are members of core management excluding Board of Directors. This would comprise all members



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of management one level below the Whole Time Directors, including all functional heads.

(5) The Remuneration policy to ensure that:—

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate personnel as are herein referred at (4) above of the quality required to run the Company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to Whole- Time 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.

Such policy shall be disclosed in the Board's Report.

BRIEF OVERVIEW OF THE REVISED CLAUSE 49 OF LISTING AGREEMENT

IV. Nomination and Remuneration Committee

- A. The Company to have a Nomination and Remuneration committee which shall comprise at least three Directors, all of whom shall be Non- executive Directors and at least half shall be independent. Chairman of the Committee shall be an Independent Director.
- B. The role of the committee shall, INTERALIA, include the following:
- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
 - Formulation of criteria for evaluation of Independent Directors and the Board; Devising a policy on Board diversity; Identifying persons who are qualified to become Directors in accordance with the criteria laid down, and recommend to the Board their appointment and removal.



The Company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

PRESENT POSITION OF DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

In line with the above, other than the constituents of the Board of Directors, both, Whole-time Directors and Non-executive Directors, the Senior management of the Company comprise of all members of management one level below the Whole-time Directors including the Executive Director and all functional heads.

TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE

Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

- Identify persons who are qualified to become directors and who may be appointed in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- Removal should be strictly in terms of the applicable law/s and in compliance of principles of natural justice.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Devising a policy on the Board diversity.
- Recommend to the Board, remuneration including salary, perquisite and commission to be paid to the Company's Whole Time Directors as and when required, or as may be permissible by laws applicable.
- Recommend to the Board, the Sitting Fees payable for attending the meetings of the Board/Committee thereof, and, any other benefits if any, payable to the Non-executive Directors.
- Setting the overall Remuneration Policy and other terms of employment of Directors, wherever required.



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POLICY RELATING TO REMUNERATION OF DIRECTORS, KMP AND SENIOR MANAGEMENT PERSONNEL:

The Committee noted the policy in force relating to remuneration of Directors, KMP and Senior management personnel is as under:

The policy is to ensure that the level and components of remuneration are reasonable and sufficient to attract, retain, and motivate Directors, KMP and other employees of the quality required to run the Company successfully.

No director / KMP/ other employee is involved in deciding his or her own remuneration.

The trend prevalent in the similar industry, nature and size of business is kept in view and given due weightage to arrive at a competitive quantum of remuneration. It is to be ensured that relationship of remuneration to the performance is clear and meets appropriate performance benchmarks which are unambiguously laid down and communicated.

Improved performance should be rewarded by increase in remuneration and suitable authority for value addition in future.

Remuneration packages should strike a balance between fixed and incentive pay, where applicable, reflecting short and long term performance objectives appropriate to the Company's working and goals.

Following criteria are also to be considered:

- Responsibilities and duties;
- Time and efforts devoted; Value addition;
- Profitability of the company and growth of its business;
- Analysing each and every position and skills for fixing the remuneration yardstick;
- Standards for certain functions where there is a scarcity of qualified resources.
- Ensuring tax efficient remuneration structures.



