

Caprolactam Chemicals Limited

Nomination and Remuneration Policy

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Nomination and Remuneration Policy

Preamble

Caprolactam Chemicals Limited (“the Company”) considers human resource as its invaluable assets. This policy aims to harmonise the aspirations of the Directors/ managerial personnel & other employees with the goals of the Company. The Policy on nomination and remuneration of Directors, managerial personnel & Senior Management Personnel (“SMP”) and all other employees has been formulated as below:

Objective

- a. To appoint right talent with required and relevant qualifications, experience, track record and behavioral competencies for key positions as defined under the SMP below;
- b. Ensuring that the quantum and composition of remuneration is reasonable and commensurate to attract, retain and motivate employees to participate in sustenance and fostering the growth of the Company;
- c. Laying out remuneration principles for employees linked to their efforts, performances and achievement in comparison with the benchmarks;
- d. Ensuring that the annual compensation review considers the industry / business outlook and strategies adopted by peers in the industry and distinguishing employees based on their performance, potential, skill sets and to protect the employees against inflationary pressures;
- e. Retention of high performers at all levels and those playing critical roles.

Scope

The Board has constituted the Board Nomination and Remuneration Committee (“NRC” or the “Committee”) pursuant to the provisions of Section 178 of the Companies Act, 2013 and the rules made thereunder read with the Corporate Governance Guidelines as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). This Policy sets out the broad guiding principles for the Committee for recommending to the Board the appointment and remuneration of the Directors, Managerial Personnel & SMP.

Definitions

- a. 'Board' means Board of Directors of the Company;
- b. 'Director' means a Director appointed on the Board of the Company;
- c. Managerial Personnel means a Managing Director, Whole-time Director, Manager or Chief Executive Officer time being holding the office as such in the Company;
- d. Senior Management Personnel ("SMP") means all members of the core management team of the Company, who are one level below the Managerial Personnel and the Manager. Besides this, it also includes the Company Secretary.

Performance Management Process

The Company has a Performance Management & Review process commensurate to the size and operations of the Company, which forms the basis of Compensation Review. The formal Performance Review Process is initiated in the beginning of April every year. Performance for the employees is largely based on their overall performance for last financial year along with their competency displayed and their potential.

Appointment

- A. Appointment of the Managerial Personnel:
 - a. NRC will recommend to the Board the appointment of the Managerial Personnel for approval.
 - b. Board of Directors approves the appointment of the Managerial Personnel.
- B. Appointment of the Senior Management Personnel (SMP)
 - a. NRC will recommend to the Board the appointment of CFO & the Company Secretary for approval.
 - b. Board of Directors approves the appointment of the CFO & the Company Secretary. In view of efficient and smooth functioning of business,

Remuneration of employees

- A. Remuneration of the Managerial Personnel - Fixed Cost & PLI

NRC will resolve the actual amount of the Managerial Personnel's fixed cost / PLI and recommend them to the Board of Directors for approval. Board of Directors approves the Compensation for the Managerial Personnel.

B. Remuneration of SMP - CFO & the Company Secretary - Fixed Cost & PLI:

NRC will resolve the increments and PLI amounts to be paid to the CFO & the Company Secretary.

C. Remuneration of all other Employees - Fixed Cost & PLI

The NRC will approve the upper limits for both the increment & PLI for all the other employees. Managerial Personnel will determine the total amount of increment & PLI payable to all other Employees which is within the maximum amount approved by the NRC.

D. Share based benefits to the Employees

NRC can frame and recommend a policy to the Board if deemed appropriate for granting any share based benefit to the employees. The Board, subject to the approval of the Shareholders of the Company will take the final decisions with respect to any such policy including total value of grant to all the employees.

Nomination & Remuneration of the Directors

While considering the candidature of any person for the office of the Director, the Committee would consider the integrity, qualification, positive attributes, independence and number of directorships & memberships already held by that person. The Committee would also review the ability to contribute to the Company's growth. Based on the Committee's recommendation, the Board would further consider and take the appropriate decision in this regard.

The remuneration of Directors / Managing Directors / Whole-time Directors shall be governed by the provisions of the Companies Act, 2013 and the rules made thereunder, from time to time and the Listing Regulations.

Non-Executive Directors may receive the Sitting Fees for attending the meetings of the Board and the Committees thereof, if approved by the 'Board of Directors' from time to time. The Board upon the recommendation of the NRC, shall review the Sitting Fees, from time to time, subject to the limits, as specified under the Companies Act, 2013 or rules made thereunder.

Upon the recommendation of the NRC, the Board shall review and approve the other components of the remuneration payable to the Directors (including Non-Executive Directors) of the Company, within the overall limits as specified under the Companies Act, 2013 (including rules made thereunder) and the Listing Regulations and if required, the same shall be placed for the consideration and approval of the Shareholders.

Remuneration Structure

The Remuneration structure may include the one or more following components for the employees of the Company:

- i. Fixed Pay;
- ii. Performance Linked Incentive / Variable Pay Plan;
- iii. Retiral & Other Benefits;
- iv. Onetime Payments;
- v. Stock Options (if approved in terms of this Policy);
- vi. Retention Bonus & Long Term Incentives;
- vii. Ex Gratia;
- viii. Any Other Perquisites & Allowances.

Remuneration shall be determined as per the grade/band of the incumbent and according to the qualification and work experience, competencies as well as their roles and responsibilities in the Company and also commensurate to Company's size and operations. There will be various factors which will be considered for determining their compensation such as job profile, potential, skill sets, seniority, experience, performance and prevailing competition remuneration levels for equivalent jobs.

Modification and Amendment:

The Policy is subject to modification, amendment and alterations by the Board as appropriate.