

NOMINATION AND REMUNERATION POLICY

Preamble

Pursuant to Section 178 of the Companies Act, 2013 and the Rules framed thereunder (as amended from time to time) (the “Act”) and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) (the “SEBI Listing Regulations”), the Board of Directors of every listed company is required to constitute the Nomination and Remuneration Committee.

I. Objective

In order to comply with the requirements of Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations and any other applicable provisions, the Nomination and Remuneration Committee of the Board of Directors of the Company (the “Committee”) had formulated this policy (the “Policy”).

The key objectives of the Committee are as follows:

- a. To formulate the criteria for determining qualifications, competencies, 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.
- b. To Formulate the criteria for evaluation of the Independent Director and to carry out evaluation of every Director’s performance and to provide necessary report to the Board for further evaluation.
- c. To devise a Policy on Board Diversity.
- d. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company’s operations.
- e. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- f. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

- g. Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- h. To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.
- i. To perform such other functions as may be necessary or appropriate for the performance of its duties.
- j. To develop a succession plan for the Board and to regularly review the plan.
- k. To recommend to the board, all remuneration, in whatever form, payable to senior management.
- l. To determine whether to extend or continue the term of appointment of the Independent Director(s), on the basis of the report of performance evaluation of Independent Directors.
- m. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - a. use the services of an external agencies, if required;
 - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c. consider the time commitments of the candidates.

//. Definitions

- a. “**Act**” means the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time.
- b. “**Board**” means the Board of Directors of the Company.
- c. “**Directors**” shall mean Directors of the Company.
- d. “**Committee**” means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- e. “**Company**” means “Mohindra Fasteners Limited”.

f. **“Policy” or “This policy”** means Nomination and Remuneration Policy.

g. **“Key Managerial Personnel” or “KMP”** means: in relation to a Company as defined sub-section 51 of Section 2 of the Companies Act, 2013, means and includes:

(i) the Chief Executive Officer or the managing director or the manager;

(ii) the company secretary;

(iii) the whole-time director;

(iv) the Chief Financial Officer;

(v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and

(vi) such other officer as may be prescribed under the applicable statutory provisions/regulations.

h. **“Senior Management”** shall mean officers/personnel of the listed entity 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 chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include Company Secretary and Chief Financial Officer.

i. **“Independent Director”** means a director referred to in Section 149(6) of the Companies Act, 2013.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be amended from time to time shall have the meaning respectively assigned to them therein.

III. Appointment and removal of Director, KMPs and Senior Management

a. Appointment criteria and qualifications:

i. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or Senior Management Personnel and recommend to the Board his / her appointment.

ii. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has the discretion to

decide whether qualifications, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

iii. The Company shall not recommend or appoint or continue the employment of any person as Managing Director / Whole-time director or Manager within the meaning of the Act, 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 based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

b. Term / Tenure:

i. 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 5 (five) years at a time. No re- appointment shall be made earlier than 1 (one) year before the expiry of term.

ii. Independent Director:

i) An Independent Director shall hold office for a term up to 5 (five) consecutive years on the Board 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.

ii) No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of 3 (three) years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of 3 (three) years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

iii) At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

iv) The term and tenure of Independent Directors, Non-executive Directors and Key Managerial Personnel will be subject to the provisions of the Companies Act, 2013, rules made thereunder and listing agreement / regulations of Securities Exchange Board of India, as may be applicable from time to time.

c. Evaluation:

The Committee shall carry out evaluation of performance of Director, KMP other than the Chief Financial Officer, Company Secretary and Senior Management Personnel yearly or at such intervals as may be considered necessary as per the evaluation criteria laid down by the Nomination and Remuneration Committee.

d. Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable law, rules and regulations, thereunder, the Committee may recommend, to the Board with reasons to be recorded in writing, removal of a Director, KMP or Senior Management, subject to the provisions and compliance of the said Act, such other applicable law, rules and regulations.

e. Retirement:

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. While the Board will have the discretion to retain the Director, KMP, Senior Management in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company, shall vest with the Chairman & Managing Director of the Company.

f. Policy relating to the Remuneration for the Director, KMP and Senior Management:

i. The remuneration / compensation / commission etc. to the Managing Director, KMP and Senior Management will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be decided and approved by the Board and approved by the shareholders, if required.

ii. The commission may be paid to the Managing Director shall be in accordance with statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

iii. The Whole-time / Executive / Managing Director / KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including but not limited to, employer's contribution to Provident Fund (P.F.), Superannuation Fund, Pension Scheme, medical expenses, leave travel allowance, etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the Shareholders and Central Government, wherever required.

iv. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing / Executive / Whole-time Director in accordance with the provisions of Section 197 of the Act and Schedule V to the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

v. If any Managing / Executive / Whole-time Director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limits prescribed under the Act or without approval required under section 197 of the Companies Act, 2013, he / she shall refund such sums to the Company within two years or such lesser period as may be allowed by the Company, and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless approved by the company by special resolution within two years from the date the sum becomes refundable.

vi. Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managing Director or as laid down as per the provisions of the Act.

vii. Where any insurance is taken by the Company on behalf of its Managerial Personnel, KMP and Senior Management for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

g. Remuneration to Non- Executive / Independent Director:

1) Remuneration / Commission:

The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

2) Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of the Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

The sitting fees presently paid to the Non-Executive and Independent Directors is Rs. *10,000/- per meeting of the Board thereof.

*sitting fees of the non-executive and independent directors has been increased from Rs. 5000/- to 10,000/- per meeting by the board of directors of the company w.e.f. February 11, 2019.

3) Reimbursement of expenses

Non-executive Directors will be entitled to reimbursement of expenses incurred in connection with attending the Board meetings, Board Committee meetings, meeting of independent directors, general meetings and in relation to the business of the Company towards hotel accommodation, travelling and other out-of-pocket expenses.

No significant/pecuniary material relationship or transactions have been made with Non-Executive Directors vis-à-vis your Company except to pay sitting fees to all Non-Executive Directors in accordance with the Companies Act, 2013 and SEBI Listing Regulations and if any change be made then it shall be in compliance with the provisions.

4) Limit of Remuneration/Commission:

Remuneration/ Commission may be paid within the monetary limit approved by shareholders, subject to the limit as specified in the SEBI (LODR) Regulations, 2015 and the Companies Act, 2013.

5) Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

IV. Membership:

a) The Committee shall comprise of at least (3) Directors, all of whom shall be non-executive Directors and at least two-third of the directors shall be Independent Directors.

b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Act and the SEBI Listing Regulations.

c) The quorum for the Meeting of the Nomination and Remuneration Committee shall either be two members or one third of the total strength of the Committee, whichever is higher (including at least one independent director in attendance).

d) Membership of the Committee shall be disclosed in the Annual Report.

e) Term of the Committee shall be continued unless terminated by the Board of Directors.

f) The Committee shall meet at least once in a year or as may be specified under the applicable laws.

V. Chairperson

- a) Chairperson of the Committee shall be an Independent Director.
- b) Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- c) In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- d) Chairman of the Nomination and Remuneration Committee meeting could be present at the annual general meeting or may nominate some other member to answer the shareholders' queries.

VI. Committee members' interests

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

VII. Secretary

The Company Secretary of the Company shall act as Secretary of the Committee.

VIII. Duties of the Nomination & Remuneration Committee

Duties with respect to Nomination:

The duties of the Committee in relation to nomination matters include:

- _ Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- _ Ensuring that on appointment to the Board, Independent Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- _ Identifying and recommending Directors who are to be put forward for retirement by rotation.
- _ Determining the appropriate size, diversity and composition of the Board;
- _ Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;

_ Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;

_ Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;

_ Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.

_ Delegating any of its powers to one or more of its members or the Secretary of the Committee;

_ Recommend any necessary changes to the Board; and

_ Considering any other matters, as may be requested by the Board.

Duties with respect to Remuneration:

The duties of the Committee in relation to remuneration matters include:

_ to consider and determine the remuneration policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.

_ to approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and variable pay reflecting short- and long-term performance objectives appropriate to the working of the Company.

_ to delegate any of its powers to one or more of its members or the Secretary of the Committee.

_ to consider any other matters as may be requested by the Board.

IX. Minutes of committee meeting

Proceedings of all meetings must be minuted and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

X. Deviations from this Policy

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

XI. Amendment

Any change in the Policy shall be approved by the Board of Directors or any of its Committees (as may be authorized by the Board of Directors in this regard). The Board of Directors or any of its authorized Committees shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board or its Committee in this respect shall be final and binding.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), Clarification, circular(s) etc.

XII. Disclosure

The Company shall disclose this policy on its website and the contents thereof shall be provided in the Company's Annual Report as may be statutorily required.

XIII. Effective Date:

This Policy is effective from 1st April, 2019.
