

## **NOMINATION, REMUNERATION & EVALUATION POLICY**

**BALAJI AMINES LIMITED**

(Last updated on 31<sup>st</sup> January, 2024)

## **1. INTRODUCTION**

Balaji Amines Limited believes that Diversified Board Members consciously create a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance.

Towards this, Balaji Amines Limited, ensures the constitution of a Board of Directors with an appropriate composition, size, diversified expertise and experience and commitment to discharge their duties and responsibilities effectively.

Balaji Amines Limited recognizes the importance of Independent Directors in achieving the effectiveness of the Board. Balaji Amines Limited aims to have an optimum combination of Executive, Non-Executive independent Directors. Balaji Amines Limited also recognizes the importance of aligning the business objectives with specific and measurable individual Employees objectives and targets. The Company has therefore formulated the remuneration policy for its directors, key managerial personnel and other employees keeping in view the following objectives:

- a) Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain, motivate, and to run the company successfully.
- b) Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks duly spelling our key performance indicators.
- c) Ensuring that remuneration 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.

In terms of the provisions of the Companies Act, 2013, and rules made thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, ("Listing Regulations") this policy on nomination and remuneration of Directors (including non-executive directors) of the Board, the Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors.

This Policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors (including non-executive directors), Key Managerial Personnel and Senior Management Personnel.

## **2. OBJECTIVE**

- a) The objective of this Policy is to outline a framework to ensure that the Company's remuneration levels are aligned with industry practices and are sufficient to attract and retain competent directors on the Board, Key Managerial Personnel and the Senior Management Personnel with Qualification experience and Enterprises to work while allowing fair rewards for the achievement of key deliverables and enhanced performance. The key objectives of this Policy include:
  - i. guiding the Board in relation to appointment and removal of Directors, KMP and Senior Management;
  - ii. evaluating the performance of the members of the Board, the Board as a whole and Committees thereof, and provide necessary report to the Board for further evaluation of the Board.

- iii. recommending to the Board the remuneration, in whatever form, payable to the Directors, Key Managerial Personnel & senior management.
- b) While determining the remuneration for the Directors (including nonexecutive directors) and KMPs and the Senior Management Personnel, consideration should be made with prevailing market conditions, business performance and practices in comparable companies, also to financial and commercial health of the Company as well as prevailing laws and government/other guidelines, to ensure that pay structures are appropriately aligned and the level of remuneration remain appropriate.
- c) The Committee shall observe the set of principles and objectives as envisaged under the Companies Act, 2013 (“Act”) (including section 178 thereof), rules framed there under and the Listing Regulations including, inter-alia, principles pertaining to determining qualifications, positives attributes, integrity and independence.

### 3. EFFECTIVE DATE

This policy shall be effective from the date of its approval by the Board and any amendment to this Policy shall be effective from the effective date of such amendments as specified either in the applicable laws / regulations or as specified by the Board.

### 4. DEFINITIONS

In this Policy unless the context otherwise requires:

- i. **‘Act’**, means the Companies Act 2013, as amended from time to time.
- ii. **‘Board of Directors’ or ‘Board’**, in relation to the Company, means the collective body of the directors of the Company.
- iii. **‘Committee’** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- iv. **‘Company’** means **“BALAJI AMINES LIMITED”**.
- v. **‘Independent Director’** means a director referred to in section 149(6) of the Act, read with Regulation 16(1)(b) of the Listing Regulations.
- vi. **‘Key Managerial Personnel’ (KMP)** shall have the meaning ascribed to it in the Act, and the Rules made thereunder.
- vii. **‘Non-Executive Directors’** includes Independent Directors.
- viii. **‘Policy’** means this Nomination and Remuneration policy.

- ix. **'Senior Management Personnel'** shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Act and /or Listing Regulations, as may be amended from time to time, shall have the meaning respectively assigned to them therein.

## **5. APPLICABILITY**

This Policy is applicable to:

- i. Directors, including Non- Executive Directors;
- ii. Key Managerial Personnel;
- iii. Senior Management Personnel.

## **6. COMMITTEE MEMBERSHIP, CHAIRMAN AND QUORUM**

- a) The Committee shall consist of such number of directors as is required under applicable laws;
- b) Membership of the Committee shall be disclosed in the Annual Report and in the website of the Company;
- c) The Terms of reference of the Committee shall be as determined and approved by the Board from time to time;
- d) Term of the Committee shall be continuous unless revised by the Board of Directors;
- e) Chairman of the Committee shall be an Independent Director;
- f) Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Committee but shall not be the Chairman of the Committee;
- g) Chairman of the Nomination and Remuneration Committee meeting shall be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries if any;
- h) The quorum of the Committee shall be as determined by the Companies Act, 2013 and/or SEBI LODR or any applicable regulations.

## **7. RESPONSIBILITY OF THE COMMITTEE**

The Committee is responsible for:

- a) formulating criteria for determining Experience qualifications, positive attributes and independence of a Director for the purpose of this Policy;
- b) advising the Board on issues concerning principles for remuneration and other terms of employment including remuneration for the Directors (including Non-Executive Directors), KMPs and the Senior Management Personnel;
- c) monitoring and evaluating programs for variable remuneration, both on-going and those that have ended during the year, for the Directors (including Non-Executive Directors), KMPs and the Senior Management;
- d) monitoring and evaluating the application of this Policy;
- e) monitoring and evaluating current remuneration structures and levels in the Company; and review periodically;
- f) any other responsibility as determined by the Board.

## **8. APPOINTMENT OF DIRECTORS, KMPs OR SENIOR MANAGEMENT PERSONNEL**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMPs and at Senior Management level;
- b) A person should possess adequate qualifications, expertise and experience for the position he/ she is considered for appointment as a Director, Key Managerial Personal or Senior Management Personnel. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position;
- c) Appointment of Directors, KMP's and Senior Management Personnel are subject to compliance of provisions of the Act and the Listing Regulations;
- d) The appointment as recommended by the Committee further requires the approval of the Board in those cases where such approval is specified in the Act and / or Listing Regulations.

## **9. REMUNERATION**

- a) The remuneration / compensation / commission / Stock options/Incentives against Stock options etc. to Directors and KMP will be determined by the Committee and recommended to the Board for approval. The remuneration/ compensation/ commission or Stock options, incentives against Stock options etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required as per the Companies Act 2013;
- b) The remuneration and commission to be paid to Directors shall be as per the statutory provisions of the Act and the rules made thereunder and / or Listing Regulations, for the time being in force;

- c) Increments to the existing remuneration/ compensation structure of Directors and KMP shall be recommended by the Committee to the Board which should be within the slabs approved by the shareholders in the case of Directors;
- d) Where any insurance is taken by the Company on behalf of its Directors and KMP 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. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

**A. Remuneration to Executive Directors and KMPs :**

- i. Basic Pay
- ii. Perquisites and Allowances
- iii. Commission (Applicable in case of Executive Directors)
- iv. Retiral benefits
- v. Annual Performance Bonus
- vi. Share Based Employee Benefits

The limits of remuneration/including increments for Executive Directors shall be as per the provisions of the Companies Act, 2013 and Listing Regulations.

**B. Remuneration to Non-Executive Directors:**

The Board, on the recommendation of the Committee, shall review and approve the remuneration payable to the Non- Executive Directors of the Company within the overall limits approved by the shareholders.

Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof.

If any Director draws or receives, directly or indirectly by way of remuneration any such sum in excess of the limits prescribed under the Act or without approval as may be required under the Act, he /she shall refund such sum to the Company within a period of two years or such lesser period as may be specified by the Board, and until such sum is refunded, hold it in trust for the Company.

**C. Remuneration to Senior Management Personnel:**

Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, competency seniority, experience performance and prevailing remuneration levels for equivalent jobs and their initiations in taking up challenges in their respective fields.

The Committee, shall review and recommend to the Board, the remuneration payable to the Senior Management Personnel of the Company, which shall include all remuneration payable, in whatever form.

Where any insurance is taken by the Company on behalf of its Senior Management Personnel 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. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

## **10. EVALUATION OF PERFORMANCE OF DIRECTORS, BOARD AS A WHOLE AND COMMITTEES THEREOF**

Performance Evaluation criteria of Directors, Board as a whole and Committees thereof is as follows:

- a. At least one meeting of the Independent Directors be held in a financial year.
- b. Independent Directors, in their meeting, shall:
  - i. review the performance of non-independent directors and the Board as a whole;
  - ii. review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
  - iii. assess the quality, quantity and timeliness of flow of information between the Company's management and the Board, that is necessary for the Board to effectively and reasonably perform their duties.

Independent Directors will do the above evaluation questionnaires.

- a. Report of performance evaluation done by the Independent Directors to be submitted to the Chairman of the Board / authorised Director / official in a sealed envelope.
- b. The Board of Directors will evaluate the performance of the Board, its Committees and the Executive, Non-Executive and Independent Directors in the financial year. The Director being evaluated will not participate in his own evaluation process. Set of structured questionnaires to be circulated to the Board / Committee Members. Evaluation to be carried based on responses of individual Directors / Committee Members on the questionnaires.
- c. The final report of performance evaluation as stated above shall be kept either in the custody of the Chairman of the Board or such other official as may be so authorized.
- d. Committee shall review the performance evaluation process.

## **11. BOARD DIVERSITY**

- a. Policy Statement
  - i. This is largely framed to address the importance of a diverse Board in harnessing the unique and individual skills and experiences of the members in a way that collectively benefits the organization and business as a whole. The basic essence of this is to provide a framework for leveraging on the differences within the expertise of the Board, offering a broad range of perspectives that are directly relevant to the business.

- ii. To leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, to ensure competitive advantage.
  - iii. Enhance the quality of decision making and ensure better business performance.
  - iv. Complement and expand the skills, knowledge and experience of the Board as a whole and provide better Corporate Governance.
- b. The Nomination and Remuneration committee is responsible for reviewing and assessing the composition and performance of the Board, as well as identifying appropriate individuals to occupy Board Positions who are accomplished in their career.
- c. While the appointment on the Board will continue to be made on merit, the Committee will consider the benefits of diversity (including but not limited to attributes listed above) in identifying and recommending persons to the Board Memberships.
- d. Further, the Committee shall ensure that no person is discriminated against on grounds of religion, race, gender, national origin or ancestry, material status, age, sexual orientation, or any other personal and physical attribute which does not speak to such person's ability to perform as Board Member.
- e. The Committee shall –
- i. Assess the appropriate mix of diversity, skill, experience, required on the Board and assess the extent to which the required skills are represented in the Board.
  - ii. Make recommendations to the Board in relation to the appointments, and maintain an appropriate mix of diversity, skill experience and expertise on the Board.
  - iii. The Board of Directors shall have the optimum combination of Executive Directors and Non-Executive directors and independent directors as per Act and Listing Regulations.

## 12. REMOVAL

The Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP and Senior Management subject to the provisions and compliance of the applicable Act, rules and regulations, if any.

However, the Managing Director can remove or terminate the services of Senior Management Personal on grounds of violation of HR Policies, Integrity, Code of Conduct, misconduct etc.

## 13. AMENDMENT

The Board of Directors on its own and / or as per the recommendations of the Committee can amend this Policy, as and when deemed fit.

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