

NOMINATION AND REMUNERATION POLICY

INTRODUCTION

In compliance with Section 178 of the Companies Act, 2013 ('Act') read with the Rules made there under, the policy known as 'Nomination and Remuneration Policy' for inter-alia setting up the criteria of nomination and policy for remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and other employees has been formulated and approved by the 'Nomination and Remuneration Committee'* and initialed by the Chairman of the Committee.

*** Note:**

The Hon'ble Supreme Court in SLP (Civil) Nos. 23095-23097 of 2010 (M.K. Modi Vs. U.K. Modi) has passed an order dated 27th August, 2010 directing the parties therein to maintain "status quo" with regard to the Management of the company. In view of the said order of the Hon'ble Supreme Court, it has been advised to maintain the existing strength of Directors on the Board and reconstitute the composition of minimum number of members/directors of various Board Committees, from within the existing Directors to comply with the provisions of the Companies Act, 2013.

The above policy will always be subject to the final order of Hon'ble Supreme Court in the above matter.

Definitions

For the purpose of this Policy:

- '**Act**' shall mean the Companies Act, 2013;
- '**Board**' shall mean the Board of Directors of MODI INDUSTRIES LIMITED;
- '**Committee**' shall mean the Nomination and Remuneration Committee (NCR) of the Company, constituted and re-constituted by the Board from time to time;
- '**Company**' shall mean MODI INDUSTRIES LIMITED;
- '**Directors**' shall mean the directors of the Company;
- '**Independent Director**' shall mean a director referred to in Section 149 (6) of the Companies Act, 2013;
- '**Key Managerial Personnel (KMP)**' shall mean the following:

- (i) Executive Chairman and / or Managing Director (MD) and/or Manager
 - (ii) Whole-time Director (WTD);
 - (iii) Company Secretary (CS);
 - (iv) Chief Financial Officer (CFO);
 - (v) Such other officer as may be prescribed.
- **‘Senior Management Personnel (SMP)’** shall mean personnel of the company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the executive directors including the functional heads.

OBJECTIVE & PURPOSE

The objective and purpose of this Policy are as follows:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed as Senior Management and Key Managerial Personnel (KMP) and to determine remuneration of Directors, KMP and Senior Management Personnel (SMP).
- To determine remuneration based on the Company’s size and financial position and trends and practices on remuneration prevailing in peer companies in the same industry.
- To provide them reward linked directly to their efforts, performance, dedication and achievement relating to the Company’s operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

SCOPE OF THE POLICY

The policy shall be applicable to the following in the Company:

- Directors
- Key Managerial Personnel (KMP)
- Senior Management Personnel (SMP)
- Other employees of the Company

CONSTITUTION

The Board of Directors of the Company has constituted the ‘Nomination and Remuneration Committee’ with the following members:-

S. No.	Name	Designation	Profile
1	Mr. Rakesh Kumar Modi	Member	Non Executive Director
2	Mr. Manish Kumar Modi	Member	Non Executive Director
3	Mr. Abhishek Modi	Member	Non Executive Director
4	Mr. Satosh Kumar Aggarwal	Member	Non Executive Director

The Board of the Company may re-constitute / make any changes in the Committee from time to time in order to fall in line with the Company's policy and / or applicable statutory requirement and / or subject to the final order of Hon'ble Supreme Court as and when necessary.

1. Appointment criteria and qualifications:

A. General

1.1 The Committee shall identify and ascertain the integrity and probity, qualification, expertise and experience for appointment to the position of Directors, KMPs & SMPs and accordingly recommend to the Board his/her appointment.

1.2 The Director/ Independent Director/ KMP/ SMP shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force.

1.3 The other employees shall be appointed and removed as per the policy and procedure of the Company.

1.4 Letter of appointment shall be issued based on the basis of the guidelines for the same under the Companies Act, 2013 or as per the internal policy of the Company.

B. Directors

1.5 The Committee shall determine the suitability of appointment of a person to the Board of Directors of the Company by ascertaining the detailed information of the candidate. The candidate shall, at the time of appointment, as well as at the time of renewal of directorship, provide the details to the Committee to enable the Committee to determine his/her candidature.

1.6 The Company shall not appoint or re-appoint the employment of any person as Managing Director / Whole Time Director who has attained the age of seventy years, Provided that appointment of a person who has attained the age of seventy years may be made subject to by passing a special resolution in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person.

1.7 The potential candidate to be appointed as Director/Independent Director/KMPs/ SMPs has not been disqualified under the Companies Act, 2013, Rules made there under or any other enactment for the time being in force.

2. Term / Tenure:

2.1 Managing Director / Whole-time Director:

The Company shall appoint or re-appoint any person as Managing Director, or Whole-time Director with or without remuneration for a term not exceeding five years at a time subject to approval of Central Government, if required.

No re-appointment shall be made earlier than one year before the expiry of term of the Director appointed.

2.2 Independent Director*

An Independent Director shall hold office for a term up to five years on the Board of the Company 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.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for re-appointment in the Company as Independent Director after the expiry of three years from the date of cessation as such in the Company. The Committee shall take into consideration all the applicable provisions of the Companies Act, 2013 and the relevant rules, as existing or as may be amended from time to time.

2.3 Key Managerial personnel / Senior management or Other Employees.

The Term/ Tenure of the KMP's/ Senior Management Personnel and other employees shall be as per the companies prevailing internal policy.

3 Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013 and rules made thereunder or under any other applicable Act, rules and regulations, or any other reasonable ground, the Committee may recommend to the Board for removal of a Director, KMP or SMP subject to the provisions and compliance of the Act, rules and regulations.



4 Retirement

- (a) The Director shall retire as per applicable provisions of the Companies Act, 2013 along with the Rules made thereunder.
- (b) The KMPs & SMPs shall retire on attaining the age of 60 (sixty) years or later as may be so decided by the concerned Managing Director Shri Mahendra Kumar Modi and / or Shri Umesh Kumar Modi for their related units.
- (c) Existing KMPs and or SMPs who are of over 60 years of age shall continue in service of the Company till such time as may be decided by concerned Managing Director Shri Mahendra Kumar Modi and / or Shri Umesh Kumar Modi for their related units.
- (d) Any new appointment of KMP(s) and SMP(s) who are 60 years of age or above can be made by the concerned Managing Director Shri Mahendra Kumar Modi and / or Shri Umesh Kumar Modi for their related units and such person(s) shall retire as may be decided by the aforesaid MDs.

5 Diversity on the Board of the Company

The Company aims to enhance the effectiveness of the Board by diversifying it and obtain the benefit out of it by better and improved decision making. In order to ensure that the Company's board room has appropriate balance of skills, experience and diversity of perspectives that are imperative for the execution of its business strategy, the Company shall consider a number of factors, including but not limited to skills, industry experience, background, race and gender.

The Policy shall conform with the following two principles for achieving diversity on its Board:

-  Decisions pertaining to recruitment, promotion and remuneration of the directors will be based on their performance and competence; and
-  For embracing diversity and being inclusive, best practices to ensure fairness and equality shall be adopted and there shall be zero tolerance for unlawful discrimination and harassment of any sort whatsoever.

In order to ensure a balanced composition of executive, non-executive and independent directors on the Board*, the Company shall consider candidates from a wide variety of backgrounds, without discrimination based on the following factors:

- Gender- The Company shall not discriminate on the basis of gender in the matter of appointment of director on the Board.
- Age- Subject to the applicable provisions of Companies Act, 2013, age shall be no bar for appointment of an individual as director on the Board of the Company.
- Nationality and ethnicity - The Company shall promote having a board room comprising of people from different ethnic backgrounds so that the directors may efficiently contribute through their knowledge, sources and understanding for the benefit of Company's business;
- Physical disability - The Company shall not discriminate on the basis of any immaterial physical disability of a candidate for appointment on Company's Board, if he/she is able to efficiently discharge the assigned duties.
- Educational qualification- The proposed candidate shall possess desired team building traits that effectively contribute to his/ her position in the Company. The Directors of the Company shall have a mix such as of finance, legal and management background, that taken together, provide the Company with considerable experience in a range of activities including varied industries, education, government, banking, and investment.

6 Remuneration

In discharging its responsibilities the Committee shall have regard to the following Policy objectives:

- (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMPs, SMPs and other employees of the quality, required to run the Company successfully;
- (b) The remuneration to Directors, KMPs SMPs & other employees will be by way of fixed pay as per current policy of the Company and as per the provisions of Companies Act, 2013 and rules made there under. Company will introduce incentive pay as and when feasible depending upon its revival.

The payment structure of remuneration will be as follows:

6.1 Non-Executive / Independent Directors :

The Independent Directors will be paid remuneration by way of sitting fee for attending meeting of the Board or any Committee thereof, provided that such amount shall be subject to the ceiling of the limit as prescribed under the Companies Act, 2013 or Rules made there under or any other enactment for the time being in force and the same is to be approved by the Board of Directors as recommended by the Committee.

6.2 Managing Director (MD) / Whole-time Director (WTD) :

The remuneration / compensation payable to MD / WTD shall be governed by the provisions of Companies Act, 2013 and Rules made there under or any other enactment for the time being in force and will be subject to approval of the Board of Directors, shareholders and the Central Government wherever required and shall be in compliance with Schedule V of the Companies Act, 2013.

6.3 Key Managerial Personnel (KMP)/Senior Management Personnel (SMP) :

The remuneration policy for KMPs & SMPs has been designed to provide multiple options inter-alia for the purpose of operational convenience and requirement.

- (a) The existing KMPs & SMPs, if any, shall be eligible for a monthly fixed and/or variable remuneration as per their terms of employment.
- (b) For any appointment of new KMP/SMP, the remuneration will be as decided by the Board on receipt of recommendation by the NRC. However, Managing Director, Shri Mahendra Kumar Modi and / or Shri Umesh Kumar Modi for their related units, may approve the appointment of any new KMP(s)/SMP(s) which shall be done by the Company and such appointment will be intimated to the Committee for their consideration and recommendation to the Board for their confirmation.
- (c) Annual increment will be made by the concerned Managing Director, Shri Mahendra Kumar Modi and / or Shri Umesh Kumar Modi for their related units and by the Managing Director in respect of Corporate Office.

- (d) Any increment which is beyond the above increment policy of the Company, or in case of any controversy in above, to the existing remuneration / compensation of the KMPs/SMPs will be recommended by the Committee to the Board for their approval based on performance evaluation.
- (e) The above both the MDs shall have power to approve that the Company grants and pays any ex-gratia amount not exceeding 100% of any person's annual remuneration and / or upto 50% increase in the person's annual remuneration to KMP(s)/SMP(s) depending upon their performance.
- (f) The said increment and or ex-gratia approved by the MD beyond the above policy mentioned at point (e) above will be intimated to the Committee at its subsequent meeting.

6.4 Other Employees

The power to decide / determine structure of remuneration for other employees has been delegated to the concerned Managing Director, Shri Mahendra Kumar Modi and / or Shri Umesh Kumar Modi or through their representatives in consultation with the concerned MD for their related unit.

7 Evaluation

7.1 Criteria for evaluation of Managing Director(s):

- (i) The Managing Director(s) shall be evaluated on the basis of targets / Performance of the Company / any other Criteria as may be given to them by the Board from time to time.
- (ii) The Managing Director(s) shall be evaluated by the Independent Directors* in their separate meeting where the performance of non-independent director(s) and the Board as a whole shall be considered.

7.2 Criteria for evaluation of Non-Executive Directors:

The performance evaluation of Non-Executive Directors and / or Independent Directors* shall be done by the entire Board of Directors excluding the Director being evaluated.

The Non-Executive Directors shall be evaluated on the basis of the following criteria i.e. whether they :

- (a) act objectively and constructively while exercising their duties;

- (b) exercise their responsibilities in a bona fide manner in the interest of the company;
- (c) devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- (d) do not abuse their position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (e) refrain from any action that would lead to loss of his independence
- (f) inform the Board immediately when they lose their independence,
- (g) assist the company in implementing the best corporate governance practices.
- (h) strive to attend all meetings of the Board of Directors, the Committees and the general meetings of the Company;
- (i) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (j) keep themselves well informed about the company and the external environment in which it operates;
- (k) do not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (l) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.
- (m) abide by Company's Memorandum and Articles of Association, Companies Act, rules made thereunder, company's policies and procedures including code of conduct, insider trading guidelines etc.
- (n) Any other factor that the Independent Director(s) / Board of Directors may consider necessary for such evaluation.
- (o) Safeguarded the confidentiality.

7.3 Criteria for evaluating performance of Key Managerial Personnel and Senior Management Personnel:

Criteria for evaluating performance of KMP's and Senior Management Personnel shall be as per the assignments given to them at the beginning of/during the year by their respective reporting heads.

7.4 Criteria for evaluating performance of other employees:

The power to decide the criteria for evaluating performance of other employees has been delegated to HR Department/head of respective units of the Company.

MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be recorded as minutes and signed by the Chairman of the Committee within the prescribed period, and the said Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting. The company should prepare the minutes and get it signed in such manner as prescribed in Companies Act, 2013 and Secretarial Standards issued by Institute of Company Secretaries of India.

DISCLOSURE OF THIS POLICY

The policy shall be disclosed in the Annual Report of the Company, as required under Companies Act, 2013, rules made there under, as amended from time to time and as may be required under any other law for the time being in force.

REVIEW

The Committee as and when required shall assess the adequacy of this Policy and make any necessary or required amendments to ensure it remains consistent with the Board's objectives, current law and best practice.
