

# WONDER FIBROMATS LIMITED

(FORMERLY KNOWN AS “WONDER FIBROMATS PRIVATE LIMITED”)

## NOMINATION AND REMUNERATION POLICY

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### 1. Introduction

The Nomination & Remuneration Policy (“**Policy**”) of Wonder Fibromats Limited (Wonder” or “**Company**”) is formulated under the requirements of applicable laws, including the Companies Act, 2013 as amended from time to time with prior recommendation of Nomination and remuneration committee and approved by board of directors of the company.

The Policy is intended to set out criteria to pay equitable remuneration to the Directors, Key Managerial Personnel (KMP), senior management (as defined below) and other employees of the Company and to harmonise the aspirations of human resources with the goals of the Company.

### 2. Objective and Purpose

The objectives and purpose of this Policy are:

- i. To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a director (executive/non-executive/independent) of the Company (“**Director**”); and
- ii. To recommend policy relating to the remuneration of the Directors, KMP and Senior Management to the Board of Directors of the Company (“**Board**”).

This includes reviewing and approving corporate goals and objectives relevant to the compensation of the executive Directors, evaluating their performance in light of those goals and objectives and either as a committee or together with the other independent Directors (as directed by the Board), determine and approve executive Directors’ compensation based on this evaluation; making recommendations to the Board with respect to KMP and Senior Management compensation subject to the approval of board.

### 3. Definitions

- a. ‘**Board**’ means Board of Directors of the Company.
- b. ‘**Directors**’ means a person as defined in section 2(34) of Companies Act, 2013 and presently appointed as directors of the Company.
- c. ‘**Committee**’ means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable Listing Regulations.
- d. ‘**Company**’ means Wonder Fibromats Limited.
- e. ‘**Independent Director**’ means a Director referred to in Section 149(6) of the Companies Act, 2013 and rules.

f. **‘Key Managerial Personnel (KMP)’** means-

- a) the Managing Director or Chief Executive Officer or manager
- b) Whole-time Director
- c) the Company Secretary
- d) 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
- e) Any other person as defined under the Companies Act, 2013 from time to time

g. **‘Senior Management’** means officers/personnel of the Company who are members of its core management team. The core management team includes Chief Executive Officer, Managing Director & Whole-time Director, Head-HRD, Chief Financial Officer and Company Secretary.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013.

#### **4. Constitution of the Nomination and Remuneration Committee**

The Board has constituted the “Nomination and Remuneration Committee” of the Board on 30<sup>th</sup> July 2018. This is in line with the requirements under the Companies Act, 2013 (“Act”). This Policy and the Nomination and Remuneration Committee Charter are integral to the functioning of the Nomination and Remuneration Committee and are to be read together.

The Board has authority to reconstitute this Committee from time to time.

#### **5. General**

This Policy is divided in Four parts: -

**Part – A** covers the matters to be dealt with and recommended by the Committee to the Board;

**Part – B** covers the appointment and removal of Directors, KMP and Senior Management; and

**Part – C** covers remuneration for Directors, KMP and Senior Management; and

**Part- D** covers Succession Planning for appointment of Directors, KMP and Senior Management

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## **Part – A**

### **Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee**

- i) 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, Senior Management Personnel of the Company;
- ii) formulate the criteria for evaluation of performance of independent directors and the board of directors;
- iii) devising a policy on diversity of board of directors;
- iv) identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal; and
- v) determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- vi) recommend to the board, all remuneration, in whatever form, payable to senior management.

## **PART – B**

### **Policy for appointment and removal of Directors, KMP and Senior Management**

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person identified for appointment as Director, KMP or Senior Management and recommend to the Board his/her appointment.
2. A person to be appointed as Director, KMP or Senior Management should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
3. The Company shall not appoint or continue the employment of any person as Managing Director, Whole Time Director who has attained the age of Seventy years and. Provided that the term of the person holding this position may be extended at the discretion of the committee 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.

4. A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of the Company.

**(b) Term / Tenure**

**1. Managing Director / Whole-time Director**

The Company shall appoint or re-appoint any person as its Managing Director and CEO or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

**2. Independent Director**

An Independent Director shall hold office for a term up to five consecutive 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 appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

**(c) Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

**(d) Retirement**

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Directors, KMP and Senior Management in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

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## PART – C

### **Policy relating to the remuneration for Directors, KMP and Senior Management Personnel**

#### **(a) General**

1. The remuneration / compensation / commission etc. to be paid to Directors will be determined by the Committee and recommended to the Board for approval.
2. The remuneration and commission to be paid to the Managing Director/Whole-time Director shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managing Director/ Whole-time Director.
4. Where any insurance is taken by the Company on behalf of its Directors, 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. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

#### **(b) Remuneration to KMP and Senior Management**

The pay program for KMP and Senior Management has been designed around three primary pay components: Base/Fixed Pay, Performance Bonus and Stock Incentives. These three components together constitute the “Total Rewards” of the KMP and Senior Management.

1. **Base/ Fixed pay:** The Executive Director, KMP and Senior Management Personnel 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, employer’s contribution to P.F, pension scheme, medical expenses, club fees 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. The monthly remuneration of Senior Management Personnel shall be as per the policy of the Company duly approved by the Committee.

2. **Performance Bonus:** Cash bonus, payable on the achievement of objective and quantifiable key performance indicators (KPI) as established by the Committee.

The total rewards for KMP and Senior Management is designed to ensure their continued alignment with organizational goals. The Committee aims to ensure that KMP and Senior Management pay is reflective of market pay, consisting of a mix of base/ fixed pay, performance bonus and stock incentives. The emphasis on stock incentives ensures alignment with shareholders’ interests, through a continued focus on the Company’s sustainable, long term performance.

### **(c) Remuneration to other employees**

The compensation for other employees would be as per the compensation policy of the Company, as revised through the annual compensation review process from time to time and approved by the board in consultation with the Head- HR.

### **(d) Minimum remuneration to Whole-time Directors**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

### **(e) Provisions for excess remuneration**

If any Executive 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 the approval required under the Act, he/ she shall refund such sums to the Company as prescribed under the Act 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 shareholder as prescribed under the Act.

### **(f) Remuneration to Non-Executive / Independent Directors**

- i. **Remuneration:** The remuneration payable to each Non-Executive Director is based on the remuneration structure as determined by the Board, and is revised from time to time, depending on individual contribution, the Company's performance, and the provisions of the Companies Act, 2013 and the rules made thereunder and listing regulations.
- ii. **Stock incentive:** The Independent Directors shall not be entitled to any stock incentive of the Company.
- iii. **Sitting Fees:** The Non-Executive/ Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- iv. **Commission:** The Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act and as per the criteria approved by the Board from time to time.

The Board of Directors will fix the Commission payable to Directors on the basis of number of Board/Committee meetings attended during the year, Chairmanships of Committees and based on contribution and participation of Directors of the Company and their involvement in Company's strategic matters.

## **PART – D**

### **Succession planning for appointment of Directors, and KMP's**

Pursuant to Regulation 17(4) of the Listing Regulations, the Board is required to ensure that plans are in place for orderly succession for the Board.

Accordingly, the NRC has formulated the following criteria and related procedures in relation to Succession plan for the Board and KMPs:

- The NRC shall identify suitable persons based on the criteria of the Company and the vacancy that has arisen, for the position of Director, Independent Director and/ or KMP.
- NRC shall apply a due diligence process to determine the suitability of every person who is being considered for being appointed or re- appointed as a Director, Independent Director and/ or KMP based on their educational qualifications, relevant experience and track record, and any other criteria, as necessary under the internal policies of the Company, the Act and the Listing Regulations. All appointments or re-appointments of persons falling within the applicability of this Policy shall be subject to prior recommendation by NRC.

5.3 The appointment, re-appointment or removal of the person at the Board and KMP level shall be recommended by NRC and approved by the Board.

## **6. BOARD DIVERSITY**

The Board shall have an optimum composition of directors related to gender, age, expertise from different fields i.e., Finance, Law, Management, Sales, Marketing or any other areas related to the Company's business. The balance of Skills and experience along with diversity of thought, knowledge and perspective and gender will help the Company in attainment of its objectives.

## **7. Review and Amendment**

(a) This Policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder.

(b) In case of any subsequent changes in the provisions of the Companies Act, 2013 which makes any of the provisions in the policy inconsistent with the Act, then the provisions of the Act would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

(c) This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification to the policy as recommended by the Committee would be placed before the Board of Directors for their approval.

----- *END OF POLICY* -----