

YUKEN INDIA LIMITED

NOMINATION & REMUNERATION POLICY

PREAMBLE:

This Policy on Nomination and Remuneration has been formulated in accordance with the provisions of section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Requirements) Regulations, 2015.

OBJECTIVES:

The key objectives of the Nomination & Remuneration Committee are:

- To guide the Board with regard to appointment/removal of the Directors, Key Managerial Personnel and Senior Management of the Company;
- To ensure proper mechanism for the evaluation of Board and its Committees; and
- To recommend to the Board, the remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

The key objectives of this Policy are to ensure that:

- The level of remuneration paid is reasonable and sufficient to attract, retain and motivate the Directors, Key Managerial Personnel and the Senior Management;
- Relationship of remuneration to performance is clear and meets appropriate benchmark; and
- 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.

DEFINITIONS:

“Board” means the Board of Directors of the Company.

“Company” means “Yuken India Limited.”

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

“Key Managerial Personnel” or **“KMP”** means Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and the Rules made thereunder. As per Section 203 of the Companies Act, 2013, the following are whole-time Key Managerial Personnel:

- (i) Managing Director or Chief Executive Officer;
- (ii) Company Secretary; and
- (iii) Chief Financial Officer.

* **“Senior Management”** means 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.

“Nomination and Remuneration Committee” shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Requirements) Regulations, 2015.

“Policy or This Policy” means, “Nomination and Remuneration Policy.”

“Remuneration” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

COMPOSITION OF THE NOMINATION & REMUNERATION COMMITTEE:

The Committee is constituted by:

Mr. R Srinivasan	-	Chairman
Capt. N S Mohanram	-	Member and
Dr. Premchander	-	Member

ROLE OF THE COMMITTEE:

1. To 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 their appointment and removal.
2. To carry out the evaluation of every director’s performance.
3. To formulate criteria for determining qualifications, positive attributes and independence of a director, and recommend to the Board, a Policy, relating to remuneration for the directors, Key Managerial Personnel and other employees.
4. To formulate the criteria for evaluation of Independent Directors and the Board.
5. To devise a policy on Board diversity.
6. To recommend/review remuneration of the Managing Director and Whole-time-directors based on their performance and defined assessment criteria.
7. To administer, monitor and formulate detailed terms and conditions of the Employees Stock Option scheme, if needed.
8. 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.
9. To perform such other functions as may be necessary or appropriate for the performance of its duties.
10. *Nomination and Remuneration Committee to recommend to Board, all remuneration in whatever form, payable to Senior Management.

MEETINGS OF THE COMMITTEE:

- *Meeting of Nomination and Remuneration Committee to be held atleast once in a year.
- *Quorum shall be either 2 members or 1/3rd (whichever is greater) including 1 independent director.
- A Member of the Committee is not entitled to be present when his/her remuneration is discussed or when his/her performance is being evaluated.

APPOINTMENT OF DIRECTORS, KMP AND SENIOR MANAGEMENT:**Appointment Criteria and Qualifications:**

Subject to the applicable provisions of the Companies Act, 2013 and HR Policy of the Company, the Committee shall identify and ascertain the qualifications, experience and integrity of the person for appointment as Director / KMP / Senior Management level and recommend to the Board his/her appointment.

The Nomination and Remuneration Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate/s.

Remuneration:

The Committee would determine the remuneration of the Directors / KMP / Senior Management Personnel keeping in view the following:

- Ensure that the level and components of remuneration are reasonable and sufficient to attract, retain and motivate Directors, KMP and other employees;
- No director/KMP/ other employee is involved in deciding his or her own remuneration;
- The trend prevalent in the similar industry, nature and size of business to be kept in view and given due weightage to arrive at a competitive quantum of remuneration.
- Ensure that relationship of remuneration to the performance is clear and meets appropriate performance benchmarks which are unambiguously laid down and communicated.
- Improved performance should be rewarded by increase in remuneration and suitable authority for value addition in future.
- Remuneration packages should strike a balance between fixed and incentive pay, where applicable, reflecting short and long term performance objectives appropriate to the Company's working and goals.
- Consistent application of remuneration parameters across the organization.
- Provisions of law with regard to making payment of remuneration, as may be applicable, should be complied with.

Following criteria will also be considered:

- Responsibilities and duties;
- Time and efforts devoted;
- Value addition;

- Profitability of the Company and growth of its business;
- Standards for certain functions where there is a scarcity of qualified resources;
- Ensuring tax efficient remuneration structures;
- Ensuring that remuneration structure is simple and that the cost to the Company (CTC) is not shown inflated and the effective take home remuneration is not low.
- Other criteria as may be applicable.

***Remuneration of Non-executive Director:**

If remuneration of a single Non-Executive Director exceeds 50% of the total annual remuneration payable to all non-executive directors, then approval of shareholders by special resolution required every year.

***Remuneration of executive Director:**

The fees or compensation payable to executive directors (who are promoters or members of the promoter group) shall require the approval of the shareholders by special resolution in general meeting, if:

- i. the annual remuneration payable to such executive director exceeds INR 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or
- ii. Where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity. The approval of the shareholders will be valid only till the expiry of the term of such director.

AMENDMENTS:

Any or all the provisions of this policy are subject to revision/modification by the Committee, as may be required.

****Amended provisions as per the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.***
