



**NOMINATION AND REMUNERATION POLICY
OF
ORIENTAL VENEER PRODUCTS LIMITED**

[Section 178 of the Companies Act, 2013]



NOMINATION AND REMUNERATION POLICY:

[Section 178 of the Companies Act, 2013]

Objective and purpose of the Policy.

The objective and purpose of this policy are:

1. To oversee the nomination process and 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 in senior management and key managerial positions and to determine their remuneration in a fair and equitable manner.
2. To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the Media and Entertainment Industry.
3. To ensure that remuneration paid to directors and executives is competitive, enabling the Company to attract and retain employees capable of meeting the Company's needs and service delivery obligations; and
4. To reward directors and executives for achieving predetermined Company, Departmental as well as personal/ individual performance targets and goals.
5. To carry out evaluation of the performance of directors, as well as key managerial and senior management personnel.
6. To provide them reward linked incentives directly to their effort, performance, dedication and achievement relating to the Company's operations.
7. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

In the context of the aforesaid criteria, the following revised Policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors.

Effective Date

This policy shall be effective from **April 25, 2015**.

Definitions

1. **Board** means Board of Directors of the Company.



2. Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
3. Company means M/s. Oriental Veneer Products Limited.
4. Directors mean Directors of the Company.
5. Independent Director means a director referred to in Section 149 of the Companies Act, 2013.
6. Key Managerial Personnel (KMP) shall have the meaning as defined under Section 2(51) of the Companies Act, 2013, as amended from time to time.
7. Senior Management Personnel means personnel of the Company shall include executives who are one level below the managing / executive/ whole time director(s) including the functional heads and Key Managerial Personnel.
8. The Regulations: The Regulations refers to the applicable provisions of the Companies Act, 2013, read with the rules made under the Companies Act, 2013, Articles of Association, various corporate codes, regulations, policies, applicable guidelines - regulations from Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations executed with the stock exchanges etc. (as amended from time to time).

Applicability

The Policy is applicable to

1. Directors (Executive and Non-Executive)
2. Key Managerial Personnel
3. Senior Management Personnel

This Policy is divided into three parts:

Part – A covers the terms of reference of the Nomination and Remuneration Committee,

Part – B covers the appointment and nomination and

Part – C covers remuneration and perquisites etc.



PART – A

TERMS OF REFERENCE OF THE NOMINATION AND REMUNERATION COMMITTEE ['COMMITTEE']

Terms of reference of the Committee:

- to identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board of Directors (Board) their appointment and removal and to carry out evaluation of every director's performance
- to 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 and other employees
- while formulating the policy as aforesaid, to ensure that:
 - (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
 - (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (c) remuneration to directors, key managerial personnel and senior management 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: Provided that such policy shall be disclosed in the Board's report.
- to approve the payment of remuneration as prescribed under Schedule V of the Companies Act, 2013
- to determine, review and recommend to the Board, the remuneration of the Company's Managing/ Joint Managing/ Deputy Managing/ Whole time / Executive Director(s), including all elements of remuneration package
- to determine, review and recommend to the Board, the remuneration of the Company's top executives/ senior management personnel who are one level below the Managing/ Joint Managing/ Executive Director(s)
- to formulate, implement, supervise and administer the terms and conditions of the Employee Stock Option Scheme, Employee Stock Purchase Scheme, whether present or prospective, pursuant to the applicable statutory/ regulatory guidelines
- to carry out any other functions as authorized by the Board of Directors from time to time or as enforced by statutory/ regulatory authorities

Role of the Committee shall, inter-alia, include the following:

- Formulation of criteria for evaluation of Independent Directors and the Board
- Devising a policy on Board diversity
- Lay down the evaluation criteria for performance evaluation of independent directors
- Aligning key executive and board remuneration with the longer term interests of the Company and its shareholders
- Ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board
- Carry out evaluation of every director's performance.



PART – B

POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

1. Appointment / Nomination criteria and qualifications:

- a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as a director, at Senior Management Personnel and will conduct evaluation of candidates in accordance with a process that it sees fit and appropriate and recommend to the Board his / her appointment.
- b. A person should possess relevant qualification, expertise and experience for the position he / she is considered for appointment. The Committee has the discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- c. The Company shall not appoint or continue the employment of any person as whole-time director or managing director 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 the Members 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.

2. Term / Tenure:

a. Managing Director/ Whole-time Director:

The Company shall appoint or re-appoint any person as its managing director or whole-time/ executive director for a term not exceeding five years at a time.

b. Independent Director:

- i. 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.
- 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 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.

3. Evaluation:

The Committee shall carry out evaluation of performance of every director based on detailed performance parameters. The Committee shall also evaluate the usefulness of such



performance parameters and suggest necessary changes to the same. The performance parameters include but not limited to the following:

- Expertise
- Inquiring attitude, objectivity and independence
- Judgment
- Ability to take constructive stands when necessary
- Understanding of the Company's business
- Understanding and commitment to duties and responsibilities;
- Willingness to devote the time needed to prepare for and participate in deliberations
- Responsiveness (timeliness and quality)
- Approach to conflict, and whether the conflict is constructive and productive
- Achievement of set targets (for KMP and Senior Management Personnel)

4. 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 Personnel subject to the provisions and compliance of the said Act, rules and regulations.

5. Retirement:

The Director, KMP and Senior Management Personnel 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 Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

6. Disqualification of Director

Pursuant to section 164 of the Companies Act, 2013, a person shall not be eligible for appointment as a director of a company if:

1. he is of unsound mind and stands so declared by a competent court;
2. he is an undischarged insolvent;
3. he has applied to be adjudicated as an insolvent and his application is pending;
4. he has been convicted by a court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence;
5. Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director in any company;
6. an order disqualifying him for appointment as a director has been passed by a court or Tribunal and the order is in force;



7. he has not paid any calls in respect of any shares of the company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call;
8. he has been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years; or
9. he has not complied with sub-section (3) of section 152.

(2) No person who is or has been a director of a company which—

1. has not filed financial statements or annual returns for any continuous period of three financial years; or
2. has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more, shall be eligible to be re-appointed as a director of that company or appointed in other company for a period of five years from the date on which the said company fails to do so.



PART – C

POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

1. General:

- a. The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the approval of the shareholders of the Company and Central Government, wherever required.
- b. The level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully
- c. Relationship of remuneration to performance shall be clear and meets appropriate performance benchmarks
- d. Remuneration to directors, key managerial personnel and senior management shall involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals
- e. The remuneration and commission to be paid to the Whole-time Director/Managing Director shall be in accordance with the percentage / slabs / conditions as per the provisions of the Companies Act, 2013, and the rules made thereunder.
- f. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which shall be within the outer limit approved by the Members of the Company in the case of Managing Director/ Whole-time Director(s).
- g. Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees 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.

2. Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

a. Fixed pay:

The Whole-time 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 provident fund, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

b. Minimum Remuneration:



If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director/Managing Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and with the approval of the Central Government, if and to the extent required.

c. Provisions for excess remuneration:

If any Whole-time Director/Managing Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to 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 permitted by the Central Government.

3. Remuneration to Non- Executive / Independent Director:

a. Remuneration to Non-Executive Directors:

The remuneration may be paid to Non-Executive Directors, which shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder.

b. Sitting Fees:

The Non- Executive / Independent Director may receive fees for attending meetings of Board or Committee(s) thereof and in line with the applicable provisions of the Companies Act, 2013.

c. Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit as per the applicable provisions of the Companies Act, 2013 subject to performance of Non- Executive / Independent Director as well as on recommendation of Audit Committee.

d. Reimbursement of expenses:

Reimbursement of Travelling Expenses for their attending the Board and Committee Meetings and any other expenses made by the Director for attending Board meeting and committee meeting.



INTERPRETATION

This Policy is intended to comply with the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR Regulations'). Notwithstanding anything herein to the contrary, this Policy will be interpreted only in such a manner as to comply with the Companies Act, 2013 and the LODR Regulations. Any word not defined in this Policy shall have the same meaning as defined under the Companies Act, 2013 and the LODR Regulations, including any amendments thereto. In case any word or provision as appearing in this Policy is contrary to the meaning or provision as provided under the Companies Act, 2013 or the LODR Regulations, then the meaning or provision as provided under the Companies Act, 2013 / the LODR Regulations shall prevail.

This policy shall always be in conformity with the provisions of the Regulations and any amendments in the Regulations shall be deemed to form part of this Policy.



CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES AND INDEPENDENCE OF A DIRECTOR

A. Qualification of Directors.

- The Director will at least be a graduate. However, more emphasis will be given on experience, expertise, track record and reputation of Director.
- The person to be appointed as Director should be a Person of eminence, standing and knowledge with significant achievements in business, professions and/or public service.
- The person to be appointed as Director of the Company should possess requisite business literacy/skill.

B. Positive Attributes

- Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.
- Actively update their knowledge and skills with the latest developments in the industry, market conditions and applicable legal provisions.
- Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities.
- To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
- Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.
- To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees.

C. Independence of Director

➤ For Independent Directors.

- An Independent director should meet the requirements of the Companies Act, 2013 and of the LODR Regulations concerning independence of directors.

➤ For Non-Independent Director

- Director(s) will not be considered independent if he fails to disclose his/her interest which is required to be disclose as per Companies Act,2013