

SOMANY CERAMICS LIMITED

NOMINATION AND REMUNERATION POLICY

[Pursuant to Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (LODR) Regulations, 2015]

1. Introduction:

Somany Ceramics Limited (“SCL” or “Company”) has formulated the nomination and remuneration policy for its Directors, Key Managerial Personnel (“KMP”) and Senior Management Personnel (“SMP”) keeping in view the following objectives:

- A. that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the Directors/KMPs/SMPs, to run the company successfully.
- B. that relationship of remuneration to performance is clear and meets the appropriate performance benchmarks.
- C. that remuneration to Directors/KMPs/SMPs 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.

2. Scope and Exclusion:

This Policy sets out the guiding principles for Nomination and Remuneration Committee of the Company for recommending to the Board the remuneration of the directors, KMP and SMP of the Company.

3. Terms and References:

In this Policy, the following terms shall have the following meanings:

“**Director**” means a director, whether Executive or Non-Executive, appointed to the Board of the Company.

“**Key Managerial Personnel**” means the persons defined under Section 2(51) of the Companies Act, 2013.

“**Nomination and Remuneration Committee**” (NRC) means the committee constituted by SCL in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

Independent Director means a Director defined under Section 2(47) of the Companies Act, 2013.

“**Senior Management**” shall mean the officers and personnel of the Company who are members of the 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.

All other words and expressions used but not defined in this Policy, shall have the same meaning as defined in the Listing Regulations, and if not defined therein, then as per the Companies Act, 2013 or the Securities Contracts (Regulation) Act, 1956 or the Depositories Act, 1996 and/or the rules and regulations made thereunder, or any other Act and/or applicable laws or any statutory modification or re-enactment thereto, as the case may be.

4. Policy:

4.1 Nomination/appointment of Directors, Key Managerial Personnel and Senior Management Personnel of the Company:

Nomination and appointment of Directors, KMP and SMP of the Company shall be based upon appropriate qualifications, experience and attributes.

The NRC shall identify and examine the integrity, qualification, positive attributes, expertise and experience of the person for appointment as Director, KMP or SMP and recommend to the Board his / her appointment and removal based upon the need of the Company.

Appointment of Independent Directors shall also be subject to compliance of provisions of the Companies Act, 2013 and Listing Regulations.

For every appointment of an Independent Director, the NRC shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

- a. use the services of an external agencies, if required;
- b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
- c. consider the time commitments of the candidates

4.2 Remuneration to Executive Directors, Key Managerial Personnel and Senior Management Personnel of the Company:

The remuneration structure to the Executive Directors, KMP and SMP may include the following components: (i) Basic Pay (ii) Perquisites and Allowances (iii) Stock Options (iv) Commission (Applicable in case of Executive Directors) (v) Retiral benefits (vi) Annual Performance Bonus and such other benefits as may approved/decided from time to time.

Remuneration to KMP and SMP shall be according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organisation. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

The Board, on the recommendation of the NRC, shall review and approve the remuneration payable to the Executive Directors, KMP and SMP of the Company within the overall limits approved by the shareholders, wherever applicable and in accordance with the provisions of the Companies Act, 2013 and Listing Regulations.

4.3 Remuneration to Non-Executive Directors:

The Board, on the recommendation of the NRC, shall review and approve the remuneration payable to the Non-Executive Directors of the Company subject to compliance of provisions of the Companies Act, 2013 and Listing Regulations.

Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof. The Non-Executive Directors may also be entitled to profit related commission in addition to the sitting fees.

5. Board diversity:

The Board of Directors shall comprise of Directors having expertise in different areas / fields like Finance, law, Sales and Marketing, Management, Banking, Engineering & Technology, governance, research etc. or as may be considered appropriate. In designing the Board's composition, NRC shall consider the Board diversity from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge etc. The Board shall have atleast one Board member who has accounting or related financial management expertise and atleast one woman director.

6. Amendments to the NRC Policy:

The provisions of this policy shall be monitored by the NRC. This Policy shall be subject to any amendments as per the relevant provisions of the Companies Act, 2013 read with Listing Regulations.