

NOMINATION & REMUNERATION POLICY OF MALU PAPER MILLS LIMITED

Approved on: 28/05/2014

Revised on: 12/08/2019

A. STATUTORY MANDATE

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and regulation 19 of the Listing Regulations, as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

B. SCOPE

All the Words and expressions used in this Policy, unless defined hereinafter, shall have meaning respectively assigned to them under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended from time to time.

C. DEFINITION

“**Act**” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

“**Board of Directors**” or “**Board**” means the Board of Directors of Malu Paper Mills Limited, as constituted from time to time.

“**Company**” means Malu Paper Mills Limited.

“**Committee**” means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.

“**Key Managerial Personnel**” mean Chairman, Whole Time Directors, Chief Financial Officer and Company Secretary & Compliance Officer of Malu Paper Mills limited;

“**Listing Regulations**” mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications, circulars or re-enactment thereof.

“**Material Event**” or “**Material Information**” shall mean such event or information as set out in the Schedule or as may be determined in terms of Clause F of the Policy. In the Policy, the words, “material” and “materiality” shall be construed accordingly.

“**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.

“**Senior Management Personnel**” means to include all senior officers just below the board level other than Whole-time Directors. Senior management to include one level below managing director/whole time director/manager and shall specifically include company secretary and chief financial officer.

"Schedule" means a Schedule III of (Listing Obligations and Disclosure Requirements) Regulations, 2015 Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Regulations or any other applicable law or regulation to the extent applicable to the Company.

D. CONSITUTION

The committee shall comprise three or more non-executive directors out of which not less than one-half shall be independent directors. The Chairman of the Board (whether executive or non-executive) may be appointed as a member of the committee but shall not chair the committee. The Chairman of the committee shall be an independent director, from amongst the members of the committee. The Company Secretary of the company shall act as the secretary to the committee and will be responsible for taking adequate minutes of the proceedings and reporting on actions taken in the subsequent meeting.

E. OBJECTIVE

The purpose of the Nomination and Remuneration Committee (the "committee") of the Board of Directors (the "Board") of Malu Paper Mills Limited ("Malu Paper Mills" or "the Company") shall be to:

- i. assist the Board in discharging its responsibilities relating to compensation of the Company's directors and key managerial personnel;
- ii. evaluate and approve the adequacy of the compensation plans, policies, programs and succession plans for Company's executive directors and senior management (including recommending to the Board the appointment and removal of senior management;
- iii. formulate the criteria for determining qualifications, positive attributes and independence of a director and for performance evaluation of independent directors on the Board;
- iv. oversee the Company's nomination process for the top level management and identify, screen and review individuals qualified to serve as executive directors, nonexecutive directors, independent directors and senior management consistent with criteria approved by the Board;
- v. recommend appointment and removal of directors to the Board, for approval at the annual meeting of shareholders;
- vi. carry out evaluation of the performance of the Board
- vii. leadership development;
- viii. develop and maintain corporate governance policies applicable to the Company;
- ix. recommend to the Board a policy, relating to the remuneration of the Company's directors, key managerial personnel and other employees; and
- x. to devise a policy on Board diversity. The purpose and responsibilities of the committee shall include such other items as may be prescribed by applicable law or by the Board in compliance with applicable law from time to time.

F. APPOINTMENT CRITERIA AND QUALIFICATIONS

- i. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

- ii. A person 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 concerned position.
- iii. The Company shall not appoint or continue the employment of any person as Wholetime 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 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.

G. TERM / TENURE

i. Managing Director/Whole-time Director

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive 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.

ii. Independent Director

- a. 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.
- b. No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, 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. At the time of appointment of Independent Director(s) it should be ensured that number of Boards on which such Independent Director serves is restricted to 7 (seven) listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act or the SEBI Listing Regulations.

H. EVALUATION

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly). The evaluation of performance of the Board, its Committees and Individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

Provided that in the above evaluation, the directors who are subject to evaluation shall not participate.

I. REMOVAL

Due to reasons for any disqualifications mentioned in the Act or under any other applicable Act, rules and regulations there under, 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.

J. RETIREMENT

The Directors, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion in 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.

K. POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL

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

The Remuneration/ Compensation/ Commission etc. to be paid to Director/Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

- ii. Remuneration to Non-Executive/Independent Director:

The Non-Executive Independent Director may receive remuneration/ compensation/commission as per the provisions of the Companies Act, 2013. The amount of sitting fees shall be subject to limits as provided under the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

- iii. Remuneration to other Employees:

Apart from the Directors, KMPs and Senior Management Personnel, the remuneration for rest of the employees is determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity and market conditions.

The various remuneration components, basic salary, allowances, perquisites etc. may be combined to ensure an appropriate and balanced remuneration package.

The annual increments to the remuneration paid to the employees shall be determined based on the appraisal carried out by the HODs of various departments. Decision on Annual Increments shall be made on the basis of this appraisal.

L. MEETINGS

The Committee shall meet at least once in a year. Additional meetings may happen as the Committee deems it appropriate. Minutes of the meeting shall be circulated to the Committee. The Committee shall report to the Board regarding its actions and make necessary

recommendations to the Board. The Committee shall be governed by the same rules regarding meetings as are applicable to the Board.

M. QUORUM

The quorum shall be two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.

N. POLICY REVIEW

The NRC or Board may review the Policy from time to time. The NRC or Board may subject to the applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy. However, no such amendment or modification shall be inconsistent with the applicable provisions of any law for the time being in force.

O. LIMITATION

In the event of any conflict between the provisions of this Policy and the Listing Regulations; Companies Act, 2013; Regulations or any other statutory enactments, rules, the provisions of such Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy and the part(s) so repugnant shall be deemed to severed from the Policy and the rest of the Policy shall remain in force.

P. WEBSITE

This Policy shall be hosted on the website of the Company and address of such weblink thereto shall be provided in the Annual Report of the Company.

**DAMODARLAL MALU
CHAIRMAN**