



COSMO FERRITES LIMITED

**NOMINATION AND REMUNERATION POLICYAS PER
COMPANIES ACT, 2013**



1. Legal Framework

In an endeavor to make the hiring of Directors, KMP & other senior official more transparent, the Companies Act, 2013 ('Act') requires the Company to have the Nomination & Remuneration policy for inter-alia, setting up the criteria of nomination and remuneration of Directors, Key Managerial Personnel and senior management . The constitution of Nomination and Remuneration Committee and this Policy is in compliance with Section 178 of the Companies Act, 2013 read along with the rules thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. Definitions

For the purpose of this Policy:

- 'Act' shall mean the Companies Act, 2013;
- 'Board' shall mean the collective body of the directors of the Company;
- 'Committee' shall mean the Nomination and Remuneration committee of the Company, constituted and re constituted by the Board from time to time;
- 'Company' shall mean "Cosmo Ferrites Limited"
- 'Directors' shall mean the directors of the Company;
- 'Independent Director' shall mean a director referred to in Section 149 (6) of the Companies Act, 2013;
- 'Key Managerial Personnel (KMP)' shall mean the following:
 - (i) Managing Director (MD)
 - (ii) Whole-time Director (WTD);
 - (ii) Chief Executive Officer (CEO);
 - (iii) Chief Financial Officer (CFO);
 - (iv) Company Secretary (CS);
 - (v) Such other officer as may be prescribed.
- 'Senior Management' shall mean personnel of the company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the chief executive officer.



3. Objective and Purpose

The objective and purpose of this Policy are as follows:

- To 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.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer Companies.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel & Functional Heads.
- To provide them reward linked directly to their efforts, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

4. Scope of the Policy

The policy shall be applicable to the following in the Company:

- Directors
- Key Managerial Personnel (KMP)
- Senior Management

5. Policy for Appointment, Remuneration and Removal of Directors, Key Managerial Personnel and Senior Management

5.1 Directors

5.1.1 Diversity on the Board of the Company

The Company aims to enhance the effectiveness of the Board by diversifying it and obtain the benefit out of it by better and improved decision making. In order to ensure that the



Company's boardroom has appropriate balance of skills, experience and diversity of perspectives that are imperative for the execution of its business strategy, the Company shall consider a number of factors, including but not limited to skills, industry experience, background, race and gender.

The Policy shall confirm with the following two principles for achieving diversity on its Board:

1. Decisions pertaining to recruitment, promotion and remuneration of the directors will be based on their performance and competence; and
2. For embracing diversity and being inclusive, best practices to ensure fairness and equality shall be adopted and there shall be zero tolerance for unlawful discrimination and harassment of any sort whatsoever.

5.1.2 Appointment criteria and Qualification for Whole Time Director/Independent Directors/Non Executive Directors

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Whole Time Directors and Independent Directors and recommend to the Board for approval.
2. A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment.
3. The Company shall not appoint or continue the employment of any person as a Whole Time 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.
4. The Company shall not appoint or continue the employment of any person as Non-Executive Director who has attained the age of seventy-five years. Provided that the term of the person holding this position may be extended beyond the age of seventy-five 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 five years.

5. The provisions of Companies Act, 2013, Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be followed for appointment and qualification criteria for Independent Directors/Non Independent Non Executive Directors

5.1.3 Term/Tenure

A. Whole-time Director:

The Company shall appoint or re-appoint any person as its 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 a term.

B. 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.

5.1.4 Removal

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

5.1.5 Remuneration

A. Whole Time Directors



a) Monthly Remuneration:

The Whole-time Director shall be eligible for a monthly remuneration and perquisites as may be approved by the Board on the recommendation of the Committee and approved by the shareholders.

The Perquisites may include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; maintenance of accommodation including furniture, fixtures and furnishings, reimbursement of expenses/or allowances for utilization of gas, electricity, water, furnishing and repairs, medical reimbursement, premium on personal accident policy, leave travel concession for self and his family including dependents; club fees (maximum of four clubs including admission and membership fees), medical insurance, use of car and telephone at residence or reimbursement of expenses in lieu thereof, leave with full pay and allowance and the right to accumulate in accordance with the rules of the Company , provident fund , superannuation fund, gratuity and other retirement benefits. Perquisites will be evaluated as per Income Tax Rules, wherever applicable, and at actual cost to the Company in other cases.

b) Commission– Whole Time Directors may also be paid Commission as may be approved by the Board on the recommendation of the Committee and approved by the shareholders subject to the limits specified from time to time under the Companies Act, 2013, and the rules made thereunder.

c) Sitting fees – No sitting fees shall be payable to the Whole Time Directors of the Company.

d) Overall Remuneration

The Overall remuneration payable to Whole Time Directors shall be as per the limits specified from time to time under the Companies Act, 2013 and rules made thereunder. If in any financial year the Company has no profits or inadequate profits, the remuneration may be paid subject to the provisions of Companies Act, 2013, rules made thereunder.

The Company may pay remuneration in excess of the aforesaid limits with the approval of the shareholders as specified from time to time under Companies Act, 2013 and rules made thereunder.

e) Excess Remuneration:



If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the aforesaid prescribed limits, he / she shall refund such sums to the Company within two years or such lesser period as may be allowed by the Company. The Company may waive off the extra amount paid to the Director with the approval of shareholders via special resolution obtained within two years from the date the sum becomes refundable. .

B. Remuneration to Non – Executive and Independent Directors

The Non- Executive / Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof as approved by the Board subject to the ceiling as may be prescribed from time to time under the Companies Act 2013 and rules made thereunder.

The Non- Executive / Independent Directors may also receive remuneration in the form of commission subject to the limits specified in Companies Act, 2013 and rules made thereunder.

5.2 Key Managerial Personnel (KMP) and Senior Management–

a) Appointment/ Removal of KMP and Senior Management

Appointment and removal of KMP will be subject to the approval of the Nomination and Remuneration Committee and the Board of Directors.

In respect of Senior Management, the Chairman and Managing Director (CMD) will approve the appointment/ Removal as he deems fit in the best interest of the Company.

b) Remuneration of KMP and Senior Management:

The Nomination and Remuneration Committee shall approve/recommend to Board for their approval remuneration payable to KMPs/ Senior Management keeping in view the following criteria-

- Level & Composition of remuneration is reasonable and sufficient to attract, retain and motivate KMPs/ Senior Management of the quality required to run the company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;



- remuneration to 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

6 Application of the Remuneration Policy

This Remuneration Policy shall continue to guide all future employment of Directors including Whole Time Directors (WTDs) and Independent Directors (IDs), Key Managerial Personnel and Senior Management.

Any departure from the policy can be undertaken only with the approval of the Board of Directors.

7 Disclosure of this Policy

A copy of this Policy will be made available on the website of the Company's for public information and required disclosures will be made in the Annual Corporate Governance Report.

This document was approved by the Board of Directors at its meeting held on February 12, 2015. First Modification approved by Board of Directors on May 13, 2019 (effective from April 1, 2019).