



# UNIROYAL MARINE EXPORTS LTD

*Remuneration Policy Directors, Key  
Managerial Personnel and other employees*

## **I. PREAMBLE**

Pursuant to Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board of Directors of every listed Company shall constitute the Nomination and Remuneration Committee. The Company already constituted Remuneration Committee as required under Listing Agreement. In order to align with the provisions of the Companies Act, 2013 and the amended Listing Agreement from time to time, the Board on 28<sup>th</sup> May 2014 changed the nomenclature of the "Remuneration Committee" as "Nomination and Remuneration Committee" and reconstituted the Committee with three non-executive Directors out of which two directors are Independent. This Committee and the Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement.

## **II. OBJECTIVE**

The Key Objectives of the Committee would be:

- a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- c) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

## **III. DEFINITIONS**

"Board" means Board of Directors of the Company.

"Company" means "Uniroyal Marine Exports Limited."

"Employees' Stock Option" means the option given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.

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

"Key Managerial Personnel" (KMP) means

- (i) Chief Executive Officer or the Managing Director or the Manager,
- (ii) Company Secretary,
- (iii) Whole-time Director,
- (iv) Chief Financial Officer and
- (v) Such other officer as may be prescribed.

“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 the Listing Agreement.

“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” means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads.

#### **IV. INTERPRETATION**

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, Listing Agreement and/or any other SEBI Regulation(s) as amended from time to time.

#### **V. GUIDING PRINCIPLES**

The Policy ensures that

- 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
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- 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.

## **VI. ROLE OF THE COMMITTEE**

The role of the Committee inter alia will be the following:

- a) To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- b) Formulate criteria for evaluation of Independent Directors and the Board.
- c) Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- d) To carry out evaluation of every Director's performance.
- e) To recommend to the Board the appointment and removal of Directors and Senior Management.
- f) To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- g) Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- h) To devise a policy on Board diversity.
- i) 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.
- j) To perform such other functions as may be necessary or appropriate for the performance of its duties.

## **VII. MEMBERSHIP**

- a) The Committee shall comprise at least three (3) Directors, all of whom shall be non-executive Directors and at least half shall be Independent.
- b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirement.
- c) Minimum two (2) members shall constitute a quorum for the Committee meeting.
- d) Membership of the Committee shall be disclosed in the Annual Report.
- e) Term of the Committee shall be continued unless terminated by the Board of Directors.

## **VIII. CHAIRMAN**

- a) Chairman of the Committee shall be an Independent Director.
- b) Chairperson of the Company may be appointed as a member of the Committee but shall not Chair the Committee.
- c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d) Chairman of the Nomination and Remuneration Committee could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

## **IX. FREQUENCY OF MEETINGS**

The meeting of the Committee shall be held at such regular intervals as may be required.

## **X. COMMITTEE MEMBERS' INTERESTS**

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

## **XI. VOTING**

- a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## **XII. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT**

### **• *Appointment criteria and qualifications:***

- 1. 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.

2. 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 are sufficient / satisfactory for the concerned position.

3. The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager 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.

● **Term / Tenure:**

1. Managing Director/Whole-time Director/Manager (Managerial Person):

- The Company shall appoint or re-appoint any person as its Managerial Person 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.

2. 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. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1 October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.

- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to 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.

● **Evaluation:**

The Committee through Independent Directors shall carry out evaluation of performance of every Non- Independent Director.

The performance evaluation of Independent Directors shall be carried out By the Board excluding the director being evaluated.

It shall be the duty of the lead Independent Director, who shall be supported by the Company Secretary to organize the evaluation process and accordingly conclude the steps required to be taken. The evaluation process will be used constructively as a system to improve the directors' and committees' effectiveness, to maximize their strength and to tackle their shortcomings.

The Board of Directors shall undertake the following activities on an annual basis:

- I. The Chairman of the Company shall meet with each and every director individually to discuss his / her performance throughout the year.
- II. Review performance evaluation reports submitted by the Independent Directors along with their suggestions on improving the effectiveness of the Board. Also, the requirement of establishing any new committees shall be reviewed by the Board on an annual basis.
- III. Review the various strategies of the Company and accordingly set the performance objectives for directors, in consistency with varying nature and requirements of Company's business.
- IV. The Board as a whole shall discuss and analyze its own performance during the year together with suggestions for improvement thereon, pursuant to the performance objectives.

In conformity with the requirement of the Act, the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

**Evaluation Criteria for Independent Directors**

The evaluation scale is a simple three point scale i.e. Below Expectations (1), Meets Expectations (2) and Surpasses Expectations (3)

Appraisal of each Independent Director of the Company by the other Directors shall be based on the criteria as mentioned herein below.

### Rating Scale

Scale	Performance
3	Surpasses Expectations
2	Meets Expectations
1	Below Expectations

### INDEPENDENT DIRECTORS

Some of the specific issues and questions that should be considered in the performance evaluation of an Independent Director, (the exercise in which the concerned director being evaluated shall not be included) are set out below:

Sl No.	Assessment Criteria
1	Attendance, participations in the Meetings and timely inputs on the minutes of the meetings.
2	Adherence to ethical standards & code of conduct of Company and disclosure of non – independence, as and when it exists and disclosure of interest.
3	Raising of valid concerns to the Board and constructive contribution to resolution of issues at meetings.
4	Interpersonal relations with other directors and management.
5	Objective evaluation of Board's performance, rendering independent, unbiased opinion.
6	Understanding of the Company and the external environment in which it operates and contribution to strategic direction.
7	Safeguarding interest of whistle-blowers under vigil mechanism and Safeguard of confidential information.

Based on the above criteria each of the Independent Directors has to be assessed by the other directors (including other Independent Directors) by giving a rating of Surpasses Expectations (3) or Meets Expectations (2) or Below Expectations (1). The total of the ratings so awarded will be averaged over the number of persons who have awarded the rating. Assistance in conducting the process of evaluation shall be provided by a person as authorized by the Board and for this purpose, such person shall report to Board.



## Evaluation Criteria for Non-Independent Directors & Board

The evaluation scale is a simple three point scale i.e. Below Expectations (1), Meets Expectations (2) and Surpasses Expectations (3)

Appraisal of each Non Independent Director of the Company by the Independent Directors shall be based on the criteria as mentioned herein below.

### Rating Scale

Scale	Performance
3	Surpasses Expectations
2	Meets Expectations
1	Below Expectations

### NON – INDEPENDENT DIRECTORS / MD

Some of the specific issues and questions that should be considered in a performance evaluation of Non-Independent Director /MD are set out below.

S No.	Assessment Criteria
1	Attendance, participations in the Meetings and timely inputs on the minutes of the meetings
2	Contribution towards growth of the Company including actual vis-a-vis budgeted performance.
3	Leadership initiative, like new ideas and planning towards growth of the Company and steps initiated towards Branding of the Company
4	Adherence to ethical standards & code of conduct of Company
5	Team work attributes and supervising & training of staff members
6	Compliance with policies, Reporting of frauds, violation etc. and disclosure of interest
7	Safeguarding of interest of whistle blowers under vigil mechanism and Safeguard of confidential information

Based on the above criteria each of the Non – Independent Directors / MD has to be assessed by giving a rating of Surpasses Expectations (3) or Meets Expectations (2) or Below Expectations (1).

The total number of ratings awarded for each of the Director will be averaged over the number of assessment criteria to find out the aggregate rating of the

director. This process of evaluation shall be done by Independent Directors only. Assistance in handling the process will be provided by a person so authorized by the Board, and for this purpose, the person will report to the Board.

## BOARD OF DIRECTORS

Some of the specific issues and questions that should be considered in a performance evaluation of the entire Board by the Independent Directors are set out below:

1	Is the composition of the board appropriate with the right mix of knowledge and skills required to drive organizational performance in the light of future strategy?
2	Members of the board meet all applicable independence requirements.
3	The Board of Directors is effective in establishing a corporate environment that promotes timely and effective disclosure, fiscal accountability, high ethical standards and compliance with applicable laws and regulations.
4	The Board of Directors is effective in developing a corporate governance structure that allows and encourages the Board to fulfill its responsibilities.
5	The Company's systems of control are effective for identifying material risks and reporting material violations of policies and law and The Board is provided with sufficient information about material risks and problems that affects the Company's business and prospects.
6	The Board receives regular financial updates and takes all necessary steps to ensure the operations of the organization are sound and reviews the organization's performance in carrying out the stated mission on a regular basis.
7	Are sufficient numbers of board meetings, of appropriate length, being held to enable proper consideration of issues?
8	The information provided to directors prior to Board meetings meets

	expectations in terms of length and level of detail and Board members come prepared to meetings and ask appropriate questions of management and address issues that might present a conflict of interest.
9	Board meetings are conducted in a manner that encourages open communication, meaningful participation, and timely resolution of issues.
10	The Chairman of the Board effectively and appropriately leads and facilitates the Board meetings and the policy and governance work of the Board.
11	Nomination and appointment of Board members and their Remuneration follow clearly established procedures using known criteria as laid down by the Nomination and Remuneration Committee.
12	The Board oversees the role of the independent auditor from selection to termination and has an effective process to evaluate the independent auditor's qualifications and performance (through its Audit Committee).
13	Company has a system for Stakeholder Relationships and for prohibition of insider trading
14	Company has necessary Committees which are required and these Committees are working effectively

Based on the above criteria Board has to be assessed by giving a rating of Surpasses Expectations (3) or Meets Expectations (2) or Below Expectations (1).

The total number of the ratings awarded will be averaged over the number assessment criteria to find out the aggregate rating of the Board as a whole. The process of evaluation shall be done by Independent Directors only. Assistance in the process will be provided by a person so authorized by the Board, and for this purpose the person will report to the Board. The performance of Committees of Board shall also be reviewed from time to time.

- **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 subject to the provisions and compliance of the said Act, rules and regulations.

- **Retirement:**

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

### **XIII. PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSON, KMP AND SENIOR MANAGEMENT**

- **General:**

1. The remuneration / compensation / commission etc. to Managerial Person, 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 prior/post approval of the shareholders of the Company and Central Government, wherever required.

2. The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.

3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Person. Increments will be effective from the date of reappointment in respect of Managerial Person and 1st April in respect of other employees of the Company.

4. Where any insurance is taken by the Company on behalf of its Managerial Person, KMP 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.

- Remuneration to Managerial Person, KMP and Senior Management:

1. Fixed pay:

Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, 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.

2. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

3. Provisions for excess remuneration:

If any Managerial Person 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.

- Remuneration to Non-Executive / Independent Director:

1. Remuneration / Commission:

The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.

2. Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the

amount of such fees shall not exceed Rs. 1,000/-, per meeting of the Board or Committee as provided in Article 88 of Articles of Association of the Company.

Apart from sitting fees referred to above and reimbursement of travelling expenses for their attending the board and committee meetings, no payment by way of bonus, pension, incentives etc. will be paid to any of the non-executive directors.

**3. Limit of Remuneration /Commission:**

Remuneration /Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

**4. Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company.

**XIV. MINUTES OF COMMITTEE MEETING**

Proceedings of all meetings must be minuted and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting.

**XV. DEVIATIONS FROM THIS POLICY**

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

Sd/-

Anush K Thomas  
Managing Director

Place: Calicut  
Date: 30<sup>th</sup> August 2014

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