

## **NOMINATION AND REMUNERATION POLICY**

*[Under Section 178 of the Companies Act, 2013]*

w.e.f.: 20<sup>th</sup> July, 2016

### **PREAMBLE**

Pursuant to Section 178 of the Companies Act, 2013, the Board of Directors of Every Listed Company and such other class or classes of Companies, as may be prescribed under Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 shall constitute the Nomination and Remuneration Committee.

*The Board has constituted “The Nomination and Remuneration Committee” on 20<sup>th</sup> July, 2016. The said Policy has been formulated by the Board pursuant to the provisions of Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014.*

The Board of Directors (the “Board”) of Pure Giftcarat Limited (the “Company”), has adopted the following policy and procedures with regard to Nomination and Remuneration as defined below. The Nomination and Remuneration Committee may, from time to time, review and recommend amendments to this policy to the Board. The Board may amend this policy from time to time.

### **OBJECTIVES**

The key Objectives of the Nomination & Remuneration Committee would be:

- i. To guide the Board in relation to Appointment and Removal of Directors, Key Managerial Personnel and Senior Management;
- ii. To evaluate the Performance of the Members of the Board and provide necessary report to the Board for further evaluation;
- iii. To recommend the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management;
- iv. To provide to Key Managerial Personnel and Senior Management, reward linked directly to their effort, performance, dedication and achievement relating to company’s performance;
- v. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage;
- vi. To enable the Company for competing effectively in the labour market and to recruit and retain high caliber staff;
- vii. To operate at minimum rate of labour turnover.

## **DEFINITIONS**

“**Act**” means the Companies Act, 2013 and Rules framed thereunder as amended from time to time.

“**Board**” refers to Board of Directors of Pure Giftcarat Limited.

“**Directors**” mean Directors of Pure Giftcarat Limited.

“**Independent Director**” means Director appointed in terms of Section 149 of the Companies Act, 2013.

“**Key Managerial Personnel**” (KMP) means:

- ❖ Chief Executive Officer or the Managing Director or the Manager,
- ❖ Company Secretary,
- ❖ Whole time Director,
- ❖ Chief Financial Officer and
- ❖ Such other officer as may be prescribed.

“**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.

## **ROLE OF THE COMMITTEE**

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

- i. To formulate a criteria for determining Qualifications, Positive Attributes and Independence of a Director;
- ii. To recommend to the Board, a policy relating to Remuneration for Directors, Key Managerial Personnel, Senior Management and other Employees as may be deem fit by the Board of Directors from time to time;
- iii. To 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;
- iv. To carry out evaluation of Director’s performance and recommend to the Board appointment / removal based on his / her performance.
- v. Ensure that level and composition of Remuneration is reasonable and sufficient;
- vi. Ensure that the Relationship of Remuneration to performance is clear and meets appropriate performance benchmarks;

- vii. Ensure that the 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;
- viii. To devise a policy on Board Diversity;
- ix. To make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- x. To perform such other functions as entrusted by the Board of Directors or as may be necessary or appropriate for the performance of its duties.

**POLICY ON THE MATTERS TO BE DEALT WITH AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE**

The following matters shall be dealt with by the Committee:

**1. Size and Composition of the Board**

Periodically reviewing the size and composition of the Board to ensure that it is structured to make appropriate decisions, with a variety of perspective skills, in the best interests of the Company as a whole.

**2. Directors**

Formulate the criteria for Determining Qualifications, Positive Attributes and Independence of a Director and Recommending Candidates to the Board, when circumstances warrant the Appointment of a new Director, having regard to the range of skills, experience and expertise, on the Board and who will best compliment the Board.

**3. Succession plans**

Establishing and reviewing Board and Senior Management succession plans to ensure and maintain an appropriate balance of skills, experience and expertise, on the Board and Senior Management.

**4. Evaluation of performance**

Make recommendations to the Board on appropriate performance criteria for the Directors.

Formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company.

Identify ongoing training and education programs for the Board to ensure that Non Executive Directors are provided with adequate information regarding the options of the business, the industry and their legal responsibilities and duties.

## **5. Board Diversity**

The Committee is to assist the Board in ensuring that diversity of gender, thought, experience, knowledge, and perspective is maintained in the Board nomination process, in accordance with the Board Diversity policy.

## **6. Remuneration framework and policies**

The Committee is responsible for reviewing and making recommendations to the Board on:

- a. The Remuneration of Managing Director, Whole Time Director and Key Managerial Personnel;
- b. The total level of Remuneration of Non Executive Directors and for Individual Remuneration for Non Executive Directors and the Chairman, including any additional fees payable for membership of Board Committees;
- c. The Remuneration Policies for all the Employees and Key Managerial Personnel, Senior Management and other Employees including base pay, incentive payments, equity awards, retirement rights and service contracts, having regard to the need to :
  - i. Attract and motivate talent to pursue the Company's long term growth;
  - ii. Demonstrate a clear relationship between executive compensation and performance; and
  - iii. Be reasonable and fair, having regard to the best governance practices and legal requirements.
- d. The Company's equity based incentive schemes, including a consideration of performance thresholds and regulatory and market requirements;
- e. The Company's superannuation arrangements and compliance with relevant laws and regulations in relation to superannuation arrangements; and
- f. The Company's remuneration reporting in the financial statements and remuneration report.

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**POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT**

**1. Appointment Criteria and Qualifications**

- a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Key Managerial Personnel or at Senior Management level and recommend to the Board his / her appointment;
- b. 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.
- c. The Company shall not appoint or continue the employment of any person as Managing Director or Whole Time Director or manager, who is below the age of twenty one years or 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.

**2. Term / Tenure**

- a. Managing Director / Whole time Director / Executive Director:

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

At the time of Appointment of Whole Time Director, it should be ensured that number of Boards on which such Director serves is restricted to 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 from time to time.

- 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 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.

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 or such other number as may be prescribed from time to time.

### **3. Evaluation**

The Committee shall carry out evaluation of performance of every Director, Key Managerial Personnel and Senior Management Personnel at regular interval.

### **4. Removal**

Due to reasons for any disqualification 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, Key Managerial Personnel or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

### **5. Retirement**

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

## **POLICY FOR REMUNERATION TO DIRECTORS / KEY MANAGERIAL PERSONNEL / SENIOR MANAGEMENT PERSONNEL**

Remuneration to Director, Key Managerial Personnel and Senior Management:

### **1. Fixed pay:**

Managing Director, Whole Time Director, Executive Director, Key Managerial Personnel 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 breakup of the pay scale and quantum of perquisites including, Employer's Contribution to P.F, Pension Scheme, Medical Expenses, 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 Managing Director, Whole Time Director or Executive Director 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 Shareholders and Central Government.

**3. Provisions for excess remuneration:**

If any Managing Director, Whole Time Director or Executive 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.

**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 thereunder 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 the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

**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.

**POLICY ON CONSTITUTION AND OPERATIONS OF THE COMMITTEE:**

**MEMBERSHIP:**

1. The Committee shall consist of a minimum 3 Non Executive Directors, majority of them being Independent.
2. Minimum two (2) members shall constitute a Quorum for the Committee meeting.
3. Membership of the Committee shall be disclosed in the Annual Report & updated on the website of the company.
4. Term of the Committee shall be continued unless terminated by the Board of Directors.

**CHAIRPERSON:**

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

**FREQUENCY OF MEETINGS:**

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

**COMMITTEE MEMBERS' INTERESTS:**

1. 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.

2. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

**MINUTES OF COMMITTEE MEETING:**

Proceedings of all meetings must be appropriately recoded in the Minutes Book and signed by the Chairman within 30 days of the said meeting or by the Chairman of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting.

**SECRETARY:**

The Company Secretary of the Company shall act as Secretary of the Committee.

**DUTIES IN RELATION TO NOMINATION MATTERS:**

The duties of the Committee in relation to Nomination matters include:

- ❖ Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- ❖ Ensuring that on appointment to the Board, Non Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act; Identifying and recommending Directors who are to be put forward for retirement by rotation;
- ❖ Determining the appropriate size, diversity and composition of the Board;
- ❖ Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- ❖ Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- ❖ Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- ❖ Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- ❖ Recommend any necessary changes to the Board; and
- ❖ Considering any other matters, as may be requested by the Board from time to time.

**DUTIES IN RELATION TO REMUNERATION MATTERS:**

The duties of the Committee in relation to remuneration matters include:

- ❖ Considering and determining the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board;
- ❖ Approving the remuneration of the Senior Management including Key Managerial Personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company;
- ❖ Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- ❖ Considering any other matters as may be requested by the Board from time to time.

**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.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

For **PURE GIFTCARAT LIMITED**

Sd/-  
**SHWET KORADIYA**  
Chairman & Managing Director  
DIN: 03489858

Sd/-  
**BRIJESHKUMAR MALI**  
Director  
DIN: 07385024

Date: 20<sup>th</sup> July, 2016  
Place: Surat

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