

BDH
INDUSTRIES LTD.

Nomination and Remuneration Policy

INTRODUCTION

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, key managerial personnel and employees of the company, to harmonize the aspirations of human resources consistent with the goals of the company and in terms of the provisions of the Companies Act, 2013 and the Listing Agreement with the stock exchanges (as amended from time to time), this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP) and Employees has been formulated by the Nomination and Remuneration Committee ("the Committee") and approved by the Board of Directors of the Company.

BDH Industries Limited recognizes the importance of aligning the business objectives with specific and measurement individual objectives and targets. The Company has therefore formulated the nomination and remuneration policy for its directors, KMP and employees keeping in view that the level and composition of remuneration payable to KMP of the Company.

OBJECTIVES

The Policy shall be in compliance with Section 178 of the Companies Act, 2013 read with the applicable rules thereof. The key objectives of the Committee are as follows:

- a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Employees.
- 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 and Key Managerial Personnel.
- d) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and employees.
- e) To provide to Directors, Key Managerial Personnel and Employees reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- f) To retain, motivate and promote talent and to ensure long term sustainability of talented persons and create competitive advantage.



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APPLICABILITY

The Policy is applicable to:

- 1) Directors (Executive, Non-Executive and Independent)
- 2) Key Managerial Personnel
- 3) Employees

Matters to be dealt with, perused and recommended to the Board by the nomination and remuneration / compensation committee under Regulation 19(4) and Part D of Schedule II of SEBI (Listing Obligation Disclosure Requirements) Regulations, 2015

The Committee shall:

- 1) Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- 2) Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Employees positions in accordance with the criteria laid down in this policy.
- 3) Recommend to the Board, appointment and removal of Director, KMP and Employees.

Policy for appointment and removal of director, key managerial personnel and Employees.

• 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 Employees 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 is sufficient / satisfactory for the concerned position.
3. The Company shall not appoint or continue the employment of any person as 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.

• Term / Tenure:

1. 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.



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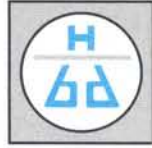


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2. Independent Director:

- 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. - 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 shall carry out evaluation of performance of every Director, KMP and Employees at regular interval (yearly).

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

Policy relating to the remuneration for the whole-time director, key managerial personnel and Employees.

• **General:**

1. The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Employees 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 the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules made thereunder.

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 Whole-time Directors and 1st April in respect of other employees of the Company.

4. Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary 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.



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• **Remuneration to Whole-time / Executive / Managing Director, KMP and Employees:**

1. Fixed pay:

The Whole-time Director / and KMP shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, Basic Pay, Perquisites and Allowance and Performance Incentive 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 Whole-time 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 previous approval of the Central Government.

3. Provisions for excess remuneration:

If any Whole-time 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 fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder.

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. One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time and approved by the Board of the Company.

3. Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the 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.

• **Remuneration To Employees**

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



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