

**NOMINATION AND REMUNERATION
&
BOARD DIVERSITY
POLICY OF
RADICO KHAITAN LIMITED**

NOMINATION AND REMUNERATION POLICY

INTRODUCTION

The Management is responsible for the positive influence on the workplace and recruitment practices and for promoting and fostering fairness to all employees. The Company does not discriminate on the grounds of age, gender, colour, race, ethnicity, language, caste, creed, economic or social status or disability and considers human resources as its vital resource. The intention of the Company through this policy is to pay equitable remuneration to all Directors, Key Managerial Personnel, Senior Management and other employees of the company and to evaluate the performance of Directors (including Independent Directors), Key Managerial Personnel and Senior Management.

As per Section 178 of Companies Act, 2013 and Clause 49 under the Listing Agreement with the stock exchanges (as amended from time to time), it is incumbent for every Listed Company to frame a policy for the Nomination and Remuneration of all Directors, Key Managerial Personnel, Senior Management Personnel and other employees of the company. Therefore, this policy has been formulated by the Nomination and Remuneration Committee in compliance with Section 178 of Companies Act, 2013 and Listing Agreement with the stock exchanges (as amended from time to time).

DEFINITIONS

In this Policy unless the context otherwise requires:

1. 'Act' means Companies Act, 2013 and rules thereunder.
2. 'Board of Directors' or 'Board', in relation to the Company, means the collective body of the directors of the Company.
3. 'Committee' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
4. 'Company' means Radico Khaitan Limited

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

6. 'Key Managerial Personnel' (KMP) means:
 - a) Chief Executive Officer and / or Managing Director and / or Manager;
 - b) Whole-time Director;
 - c) Chief Financial Officer;
 - d) Company Secretary;
 - e) Such other officer as may be prescribed

7. **"Senior Management"** means the personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

APPLICABILITY

This Policy shall be applicable to:

- (i) Directors (Executive/Non Executive including Independent Directors)
- (ii) Key Managerial Personnel
- (iii) Senior Management

OBJECTIVE OF THE POLICY

The Key Objectives of this policy are:

- a) To 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, Senior Management and other employees.

- b) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel, Senior Management and other employees.
- c) To lay out remuneration principles for Directors, Key Managerial Personnel, Senior Management and other employees linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- d) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- e) Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.
- f) Formulation of the criteria to evaluate the performance of Independent Directors and the Board.

CONSTITUTION OF THE COMMITTEE

The Board of Directors of the Company has re-constituted the Nomination and Remuneration Committee in its meeting held on 30th May, 2014 as per the requirements of section 178 of the Companies Act, 2013 and Clause 49 under the Listing Agreement with Stock Exchanges. The Committee is consisting of three non-executive independent directors and one executive director. The Chairman of the Committee is an Independent Director. However, the chairperson of the company (whether executive or non executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.

The following are the members of Nomination and Remuneration Committee:

S.No.	Name of Directors	Categories	Designation
1	Mr. Raghupati Singhania	Independent Director	Chairman
2	Mr. K.S. Mehta	Independent Director	Member
3	Dr. Lalit Khaitan	Chairman & Managing Director	Member
4	Mr. Ashutosh Patra	Independent Director	Member

**APPOINTMENT OF DIRECTORS, KEY MANAGERIAL PERSONNEL, SENIOR
MANAGEMENT AND OTHER EMPLOYEES**

1 Directors (other than Independent Directors), Key Managerial Personnel and Senior Management

Appointment

- a) Subject to the terms and conditions of Company's policy, 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 him/her to the Board of Directors.

- b) The Company shall not appoint or continue the employment of any person as Managing Director or Whole-time Director who has attained the age of seventy years unless his appointment is approved by Special Resolution after he attains the age of seventy years.

- c) A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of the Company.

Tenure of Appointment:

The Company shall not appoint or re-appoint any person as its Managing Director or Whole Time Director for a term exceeding five years at a time and no re-appointment shall be made earlier than one year before the expiry of term.

2 Independent Directors

Appointment

Appointment of Independent Directors is subject to the compliance of provisions of Section 149 of the Companies Act, 2013, read with schedule IV and rules thereunder.

Tenure of Appointment

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.

Provided that no Independent Director shall hold office for more than two consecutive terms 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 further 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.

REMOVAL AND RETIREMENT OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL

1 Removal

The Committee may recommend to the Board, the removal of a Director, KMP and Senior Management Personnel for any misconduct or for any disqualification as specified in the Companies Act, 2013 and rules made thereunder or under any other applicable Act, rules and regulations.

2 Retirement:

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Regulations and the prevailing policy of the Company. The Board will have the discretion to 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.

REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT AND OTHER EMPLOYEES

1 Remuneration to Directors (other than Independent Directors), Key Managerial Personnel and Senior Management

a) Fixed pay

The Directors, Key Managerial Personnel and Senior Management shall be eligible for a monthly remuneration or at a specified percentage of the net profits of the company or at partly by one way and partly by the other as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to Provident Fund, pension scheme, medical expenses, etc. shall be decided and approved by the Board or approved by the shareholders and Central Government, wherever required.

b) 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 Directors, Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

c) **Excess remuneration:**

If any Director including any Managing Director or Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, wherever required, he 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.

d) **Insurance**

Where any insurance is taken by the Company on behalf of its Managing Director, Whole-time Director, Chief Executive Officer, Chief Financial Officer or Company Secretary for indemnifying them against any liability in respect of negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the company, 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.

e) **Sitting Fees**

A Director may receive fees for attending meetings of Board or Committee thereof subject to the condition that the amount of such fees shall not exceed Rs. One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

Provided that the sitting fees shall not constitute the part of percentages as laid down under the provisions of Act.

f) The remuneration and commission to be paid to the Directors including Managing Directors and Whole-time Director shall be in accordance with the percentage or conditions laid down as per the provisions of Act.

g) All fees / compensation, if any paid to non-executive directors, shall be fixed by the Board of Directors and shall require previous approval of shareholders in general meeting. The shareholders' resolution shall specify the limits for the maximum number of stock options that can be granted to non-executive directors, in any financial year and in aggregate.

h) The Remuneration of a Director shall be inclusive of the remuneration paid to such director for the services rendered in any other capacity but if the services rendered are of a professional nature and the director possesses the requisite qualification for the practice of the profession, then it shall not be included.

2 Remuneration to Independent Director

a) Remuneration

The remuneration shall be fixed as per the terms and conditions mentioned in the letter of appointment and as per the provisions of Companies Act, 2013.

b) Commission

Commission may be paid within the monetary limit approved by shareholders, subject to the limits as per the applicable provisions of the Companies Act, 2013.

c) Sitting Fees

The Independent Directors may receive fees for attending meetings of Board or Committee thereof.

Provided that the sitting fees shall not constitute the part of percentages as laid down under the provisions of Companies Act, 2013.

Provided further that for Independent Directors, the sitting fees payable to them shall not be less than the sitting fees payable to other directors.

d) Stock Options

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

e) Reimbursement of Expenses

The Independent Directors may charge reimbursement of expenses for participation in the Board Meeting and for conducting separate meetings of the Independent Directors.

3 Remuneration to other Employees

Apart from the Directors, Key Managerial Personnel and Senior Management, the remuneration for the 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 local market conditions.

EVALUATION OF THE PERFORMANCE

The Committee shall evaluate the performance of each Directors of the Company with reference of the authority given in the provisions of section 178 of the Companies Act, 2013 and based on their functions as mentioned in the Code of Conduct of the Directors and the criteria for the evaluation of the performance.

Based on the evaluation, the overall effectiveness of the Board shall be measured and accordingly the Board shall decide the Appointments, Re-appointments and Removal of the non-performing Directors of the Company

Evaluation of Independent Director shall be carried on by the entire Board in the same way as it is done for the Executive Directors of the Company except the Director getting evaluated.

BOARD DIVERSITY POLICY

INTRODUCTION

Radico Khaitan Limited believes that the Company should have a perfect blend of executive, non-executive and Independent Directors and also to have a diverse board composed of Directors having knowledge of Finance, management, accountancy, law or other technical fields. On the benefits side, the positive business effects of board diversity include:

- improved access to information, increased creativity and more effective problem-solving
- better understanding of the marketplace, customers and suppliers
- improved relations with employees, by signalling that the company values diversity and offers mentoring and advancement opportunities for all groups of employees
- improved public image, by conforming to societal expectations

In accordance with the provisions of Clause 49(IV)(B)(3) of the Listing Agreement entered into by Radico Khaitan Limited with the Stock Exchanges, the Board of Directors (“the Board”) of the Company has adopted this Policy on upon the recommendation of the Nomination and Remuneration Committee.

POLICY

1. The Company recognizes the benefits of having a Board of Directors that possesses a balance of skill, experience, expertise and diversity of perspectives appropriate to the requirements of the business of the Company.
2. The Board of Directors shall have the optimum combination of Directors from different areas/fields like Finance, Management, Accountancy, Law, Technical or such other fields as may be considered relevant by the Nomination and Remuneration Committee for achieving a diverse Board.
3. The Board shall have Directors who have accounting or related financial management expertise or who are financially literate.
4. The Board appointments should be based on merit and should complement and expand the skills, experience and expertise of the Board as a whole, taking into account gender, age, professional experience and qualifications, cultural and educational background and any other factors that the Nomination and Remuneration Committee may consider relevant for achieving a diverse Board.
5. The Nomination and Remuneration Committee shall be responsible for reviewing the structure, size and composition of the Board and the appointment of new Directors of the Company from time to time to ensure that it has a balanced composition of skills, experience and expertise appropriate to the requirements of the business of the Company, with due regard to the benefits of diversity on the Board.

REVIEW AND AMENDMENT

- a) The Nomination and Remuneration Committee or the Board may review this Nomination and Remuneration Policy and Board Diversity Policy as and when it deems necessary.

- b) The Nomination and Remuneration Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to these Policies, if it thinks necessary.
- c) These Policies may be amended or substituted by the Nomination and Remuneration Committee or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.

DISCLOSURE

The details of the Nomination and Remuneration Policy and as applicable shall be published on Company's website and accordingly disclosed in the Annual Report as part of Board's report therein.

The Board Diversity Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report.
