

FINOLEX CABLES LIMITED

NOMINATION AND REMUNERATION POLICY

1. PREAMBLE

- 1.1 Finolex Cables Limited (the '**Company**') recognizes the importance of attracting, retaining and motivating personnel of high calibre and talent for the purpose of ensuring efficiency and high standard in the conduct of its affairs and achievement of its goals besides securing the confidence of the shareholders in the sound management of the Company. For the purpose of attaining these ends, the Company has constituted a Nomination and Remuneration Committee which is entrusted with the task of devising a transparent reasonable and fair policy of remuneration for its directors, key managerial personnel and other employees.
- 1.2 The Companies Act, 2013 *vide* sub-section (3) of section 178, the Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 49 of the Listing Agreement as amended by the Securities and Exchange Board of India *vide* Master Circular dated April 17, 2014 makes it mandatory for the Board of Directors of every listed company to constitute a Nomination and Remuneration Committee.
- 1.3 The objective of the Nomination and Remuneration Committee is to assist the Board of Directors of the Company and its controlled entities in fulfilling its responsibilities to shareholders by :
 - 1.3.1. ensuring that the Board of Directors is comprised of individuals who are best able to discharge the responsibilities of directors in consonance with the Companies Act, 2013 and the norms of corporate governance contained in the Companies (Corporate Social Responsibility Policy) Rules, 2014; and
 - 1.3.2. ensuring that the nomination processes and remuneration policies are equitable and transparent.
- 1.4 The responsibilities of the Nomination and Remuneration Committee include :
 - 1.4.1 formulating a criteria for determining qualifications, positive attributes and independence of a director;
 - 1.4.2 recommending to the Board of Directors a policy, relating to the remuneration for the directors, key managerial personnel and senior management employees;
 - 1.4.3 formulating a criteria for evaluation of performance of Independent Directors and the Board of Directors and on the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director;
 - 1.4.4 devising a policy on Board diversity; and
 - 1.4.5 identifying persons who are qualified to become directors and who may be appointed as part of the 'senior management' or core management team of the

Company in accordance with the criteria laid down, and recommending to the Board of Directors the appointment and removal of such personnel.

- 1.5 This Nomination and Remuneration Policy has been formulated with a view to :
- 1.5.1 devise a transparent system of determining the appropriate level of remuneration throughout all levels of employees and teams in the Company;
 - 1.5.2 encourage personnel to perform to their highest level;
 - 1.5.3 provide consistency in remuneration throughout the Company; and
 - 1.5.4 offer incentives on the premise of aligning the performance of the business with the performance of key employees and teams within the Company.
- 1.6 The Nomination and Remuneration Policy elucidates the types of remuneration to be offered by the Company and factors to be considered by the Board of Directors of the Company, Nomination and Remuneration Committee and management of the Company in determining the appropriate remuneration policy for the Company.
- 1.7 The Nomination and Remuneration Policy applies to the Company's senior management employees, including its Key managerial personnel and Board of Directors.

2. DEFINITIONS

Some of the key terms used in the Nomination and Remuneration Policy are as under :

- 2.1 **'Board'** means the Board of Directors of Finolex Cables Limited or the Company.
- 2.2 **'Committee'** means the Nomination and Remuneration Committee constituted by the Board of Directors of the Company in accordance with Section 178 of the Companies Act, 2013.
- 2.3 **'Director'** means a director appointed on the Board of the Company including executive; non-executive; and independent directors.
- 2.4 **'Employee'** means every senior management employee, including Key managerial personnel and directors on the Board.
- 2.5 **'Key managerial personnel'** includes managing director, or Chief Executive Officer or manager and in their absence, a whole-time director; company secretary and Chief Financial Officer.
- 2.6 **'Member'** means a director of the Company appointed as member of the Committee.
- 2.7 **'Nomination and Remuneration Policy'** shall mean the policy of remuneration of directors, key managerial personnel and other employees of the Company determined by the Nomination and Remuneration Committee.
- 2.8 **'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 in charge of manufacturing, finance and marketing and independent profit centre heads.

3. NOMINATION AND REMUNERATION COMMITTEE

- 3.1 The Committee shall be formed by the Board of the Company. It shall consist of three or more non-executive directors out of which not less than one-half shall be independent directors. The Board of the Company shall nominate directors as Members of the Committee from time to time.
- 3.2 The Chairman of the Committee shall be an independent director but shall not be the Chairperson of the Company. He shall be present at the Annual General Meeting, to answer the shareholders' queries but the Chairperson may determine as to who should answer the queries.
- 3.3 The presently nominated members of the Committee are :
- (i) Mr. P.R. Rathi, Chairman
 - (ii) Mr. Sanjay K. Asher, Member
 - (iii) Mr. P.G. Pawar, Member

4. LETTER OF ENGAGEMENT OR CONTRACT OF EMPLOYMENT

- 4.1 Independent directors shall enter into a letter of engagement with the Company, the terms and conditions of which shall be approved by the Board. The letter of engagement shall set forth the terms and conditions of the engagement, the performance expectations for the position, the remuneration package and added incentives for the director, the availability of the latter being contingent upon fulfillment of certain expectations of the Company measured by benchmarks of performance defined by the Company.
- 4.2 Executive directors, key managerial personnel and senior management employees shall enter into a contract with the Company clearly setting out the terms and conditions of the remuneration package for such person. The contract of employment shall set out the expectations for the performance, the key performance indicators, measures and criteria for assessment or evaluation of performance.
- 4.3 The Committee and the Board to give consent to the contracts of employment for the senior management employees and directors.

5. REMUNERATION STRUCTURE

5.1 REMUNERATION TO DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

The Board shall, in consultation with the Committee approve and finalize the forms of remuneration to be offered to directors, key managerial personnel and senior management employees. The remuneration package shall be composed of amounts that are fixed and variable and the endeavour of the Board and the Committee shall be to strike a balance between the fixed and variable components and thereby promote sustainable value for the Company and its shareholders over time. The Company while deciding the remuneration

package of the senior management members takes into consideration the following aspects :

- (i) employment scenario;
- (ii) remuneration package of the industry; and
- (iii) remuneration package of the managerial talent of other industries.

Area of Responsibility	Item	Description	Policy
Base Salary plus standard allowances [Fixed Remuneration]	Reflects individual's experience and demarcated role within the Company Reward for performance of day-to-day activities	The contract of employment entered into by the executive directors, key managerial personnel and senior management employees with the Company shall demarcate a fixed gross annual salary or base salary payable to the employee together with standard allowances made available to the personnel. The fixed remuneration or salary shall be determined according to complexities of the position and role of the employee, the relevant laws and regulations, conditions prevalent in the labour market and the scale of the business relating to the position. The fixed remuneration will reflect the core performance requirements and expectations of the Company.	Typically positioned at the median of the identified comparator group
Performance Based Remuneration or Incentive-Based Payments	Impels executives to achieve specific, pre-determined goals during the financial year	The performance-based or incentive-based payments shall form part of the variable component of the salary payable to the employee. In addition to the fixed remuneration, the Company shall implement a system of bonuses and incentives reflecting performance objectives appropriate to the working of the Company and designed to lay emphasis on the direct relationship between performance and remuneration. Performance based remuneration shall be proportionate to and contingent upon the attainment of specific performance targets by employees in the Company. Incentive-based payments take into account factors such as performance	Determined at year-end based on performance of personnel

Area of Responsibility	Item	Description	Policy
		of the employee, his conduct, responsibilities, position and role and shall be calculated as a percentage of the fixed remuneration.	
Employee Benefits	To provide market competitive benefits	The Company shall comply with all legal and industrial obligations in determining the benefits available with employees, namely short-term benefits such as salaries, social security contributions, bonuses, if any, post-employment benefits such as gratuity, pension retirement benefits as per prevailing policy of the Company at the relevant time.	In line with local market practices

5.2 REMUNERATION TO NON-EXECUTIVE DIRECTORS

The Company shall pay remuneration to non-executive directors in such a manner so as to attract and maintain high quality members on the Board. Non-executive directors shall receive a sitting fees, commission and reimbursement for expenditure incurred wholly in connection with the business of the Company and in connection with attending meetings of the Board and Board Committees of the Company. Non-executive directors shall not be entitled to any performance-based incentives or bonus payments.

6. DISCLOSURES

- 6.1 The Nomination and Remuneration Policy shall be disclosed in the Board's report of the Company prepared in accordance with sub-section (3) of section 134 of the Companies Act, 2013.
- 6.2 The criteria for evaluation of performance or evaluation criteria as laid down by the Committee shall be disclosed in the Annual Report of the Company.
- 6.3 Payments to non-executive directors shall be either disclosed in the Annual Report of the Company or put up on the website of the Company and reference drawn thereto in the Annual Report. Further, the number of shares and convertible instruments held by non-executive directors shall be disclosed by the Company in its Annual Report.
- 6.4 With regard to payment of remuneration, the section on the corporate governance of the Annual Report of the Company shall contain the following disclosures, namely :
 - 6.4.1 All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, pension etc, as applicable;
 - 6.4.2 Details of fixed component and performance linked incentives, along with the performance criteria;

6.4.3 Service contracts and notice period; and

6.4.4 Stock option details, if any - and whether issued at a discount as well as the period over which accrued and over which exercisable.

7 REVIEW AND IMPLEMENTATION

7.1 The Company shall conduct an evaluation of performance for all employees on an annual basis to monitor and review, and if necessary, revise the appropriateness of each remuneration package.

7.2 The Committee shall be responsible for monitoring the implementation of the policy, conducting a review of the same from time to time and advising the Board on the mode of revision of the policy such as inclusion of long-term incentives that would contribute towards creating a sustainable value for shareholders of the Company.

8 AMENDMENT

The Company reserves the right to amend or modify the Nomination and Remuneration Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the employees, key managerial personnel and senior management employees unless the same is notified to them in advance in writing.