

NILKAMAL LIMITED

NOMINATION AND REMUNERATION POLICY

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NILKAMAL LIMITED
NOMINATION AND REMUNERATION POLICY

PREAMBLE

This Nomination and Remuneration Policy (the “Policy”) has been formulated by Nilkamal Limited (“Company”) in compliance with Section 178 of the Companies Act, 2013, read with applicable rules made thereunder (the “Act”) and in compliance of Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) to act as a guidance to the Nomination and Remuneration Committee (NRC) for matters relating to Board composition, diversity, performance evaluation, remuneration framework.

DEFINITIONS

“**Board**” means the Board of Directors of the Company

“**Directors**” means Directors of the Company.

“**Committee**” means Nomination and Remuneration Committee of the Company as constituted or re-constituted by the Board, in accordance with the Act and applicable regulations.

“**Company**” means Nilkamal Limited.

“**Independent Director**” means a Director referred to in Section 149(6) of the Companies Act, 2013 and rules made thereunder.

“**Key Managerial Personnel (KMP)**” means the Managing Director or Chief Executive Officer or manager; Whole-time Director; Company Secretary; Chief Financial Officer; and any other person as defined under Section 2(51) of the Companies Act, 2013 from time to time.

“**Senior Management**” means personnel of the company who are members of its core management team excluding the Board of Directors comprising all members of management one level below the Executive Directors including the functional heads.

“**Fit and Proper Criteria**” means integrity, ethical standards, reputation, competence, financial soundness and absence of any disqualification under applicable laws.

Unless the context otherwise requires, all the words and expressions used in this Policy shall have the meaning respectively assigned to them in the Companies Act, 2013 as may be amended from time to time.

CONSTITUTION OF THE NRC COMMITTEE

The Nomination and Remuneration Committee is constituted in accordance with the requirements of the Companies Act, 2013 read with the Listing Regulations, and comprises of the following Directors as its members:

Sr. No.	Name of the Director	Position held	Category
1.	Mr. Ashok Kumar Goel	Chairman	Independent, Non-Executive
2.	Ms. Kavita Shah	Member	Independent, Non-Executive
3.	Mr. Abhay Jadeja	Member	Independent, Non-Executive

The Board of Directors are further authorised to re-constitute the Committee in accordance of the requirements of the Companies Act, 2013 and Listing Regulations, as amended from time to time.

This Policy is divided in four parts:

Part - A The matters to be dealt with and recommended by the Committee to the Board;

Part - B The appointment, nomination and removal;

Part - C Remuneration and perquisites etc.; and

Part - D General.

The key features of this Company's policy shall be included in the Board's Report.

PART – A

Matters to be dealt with, perused and recommended to the Board by the NRC:

The Committee shall:

(1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

(1A). For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for

appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

- a. use the services of an external agencies, if required;
- b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
- c. consider the time commitments of the candidates.

(2) formulation of criteria for evaluation of performance of independent directors and the board of directors;

(3) devising a policy on diversity of board of directors;

(4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal and ensure that the selection process is transparent and based on objective criteria.

(5) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

(6) recommend to the board, all remuneration, in whatever form, payable to senior management.

PART – B

Policy for appointment and removal of Director, KMP and Senior Management

I. Appointment criteria and qualifications:

The Committee shall ensure that all appointments are based on “Fit and Proper Criteria” including integrity, competence, experience and ethical standards.

1. Managing / Whole-time / Executive Director

- i) For the purpose of selection of the Managing / Whole-time / Executive Director, the NRC shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board.
- ii) The Committee shall also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

2. Independent Director

- i) The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management. In case of appointment of Independent Directors, the NRC shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
- ii) The NRC shall ensure that the candidate identified for appointment as a Director fulfills the criteria of independence as provided in Section 149 (6) including absence of material pecuniary relationship and non-association with promoter group and is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- iii) The Committee shall also ensure compliance with provisions relating to databank registration and proficiency requirements, wherever applicable.
- iv) The NRC shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as an Independent Director:
 - a) Qualification, expertise and experience of the Directors in their respective fields;
 - b) Personal, Professional or business standing;
 - c) Diversity of the Board.
- v) In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

3. KMP and Senior Management personnel

- i) A KMP or Senior Management Personnel should possess adequate qualification, expertise and experience for the position he / she is considered for appointment as per the Job Description and should qualify through Interview and other parameters as per Corporate HR practices.
- ii) The NRC may review whether the qualification, expertise, attributes and experience possessed by a KMP is sufficient / satisfactory for the concerned position and make their recommendation to the Board.
- iii) The NRC shall take note of any appointment of Senior Management Personnel of the Company.

II. Term / Tenure:

1. Managing / Whole-time / Executive Director

- i) The Company shall appoint or re-appoint any person as its Managing /Whole-time / Executive Director for a term not exceeding five years at a time and in compliance with the Companies Act 2013, SEBI (LODR) 2015.

2. Independent Director

- i) An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company. 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.

Further, the aforesaid terms shall be liable to change in order to comply with the amendments made under the Companies Act, 2013 or rules framed thereunder and the Listing Regulations, from time to time.

3. KMP and Senior Management Personnel

- i) The KMP and Senior Management Personnel shall retire as per the prevailing policy of the Company, as may be applicable.
- ii) The term of the person holding KMP/ Senior Management position may be extended beyond the retirement age with the Approval of Executive Directors or the NRC for the benefit of the Company.

III. Removal:

1. Director

Due to reasons for any disqualification mentioned in the Companies Act, 2013 and 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 (either Executive or Non-Executive) subject to the provisions and compliance of the said Act, rules and regulations.

2. KMP and Senior Management personnel

- i) Due to reasons for any disqualification mentioned in the Companies Act, 2013 and 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 KMP, subject to the provisions and compliance of the said Act, rules and regulations.
- ii) A Senior Management Personnel may be removed on account of any disqualification incurred by such person in accordance with the Company's Corporate HR practices and the NRC shall take note of any removal of Senior Management Personnel of the Company.

PART – C

Policy relating to the remuneration for the Managing /Whole-Time Director, KMP, Senior Management and other employees

1. Managing / Whole-time / Executive Director

- i) The remuneration paid is determined keeping in view the relative performance of the Company to the industry performance. Perquisites and retirement benefits are paid according to the Company policy, subject to prescribed statutory ceiling.
- ii) The remuneration and commission, if any, to be paid to the Managing /Whole-time/ Executive Director, as may be approved by the Board on the recommendation of the Committee, shall be in accordance with the percentage / slabs / conditions as per the provisions of the Companies Act, 2013, and the rules made thereunder and shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required by the Act.
- iii) If, in any financial year, the Company has no profits or its profits are inadequate (as per Companies Act, 2013), the Company shall pay remuneration to its Managing Director/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.
- iv) If any Managing Director/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, wherever 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.

2. Independent Director

Independent Non-Executive Directors are appointed for their professional expertise in their individual capacity as independent professionals / business executives. Non-Executive Directors are paid sitting fees for attending the meetings of the Board and various other Committees, which is determined keeping in view comparable industry and corporate standards.

The sitting fees paid to the Non-Executive Directors for attending each of the Board and Committee meetings shall be in accordance to the approval of the Board, on the recommendation of the Nomination and Remuneration Committee.

Further, the Committee may consider revision in the sitting fees payable to the said Directors or may consider payment of remuneration to them by way of commission in accordance with the Companies Act, 2013 or rules framed thereunder and the Listing Regulations, as amended from time to time, and make their recommendation to the Board.

3. KMP, Senior Management personnel and other employees

The Company adopts a structured remuneration framework aligned with industry best practices, focusing on pay-for-performance and long-term value creation. Hence, while designing the compensation payable to the KMP, Senior Management Personnel and other employees, the following set of principles shall act as a guiding factor:

- i) The main objective of the remuneration policy is to motivate each and every employee and to stimulate excellence in their performance, recognize merits / achievements in order to retain the talent in the Company and to promote the feeling of belongingness.
- ii) The remuneration paid is determined keeping in view the relative performance of the Company to the industry performance. Perquisites and retirement benefits are paid according to the Corporate HR Practice.
- iii) Employees are assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization.
- iv) Individual remuneration of employees largely consists of basic salary, perquisites, bonus and flexipay and is determined within the appropriate grade based on various factors such as the industry pattern, qualification and experience / merits, skill and competencies, knowledge relevant to their job roles, potential contribution to the Company, etc. Grade wise differentiation in the ratio of fixed pay and variable pay, if any, as well as in increment percentage is made.

v) Further, in order to match the expectations of the aspirant employees, the Company may upgrade its HR Policy by adding variable and merit pay which may be calculated using a combination of individual performance and Company's performance.

vi) Annual Increment, if any, to the employees will be effective from 1st April or such other date as per the Corporate HR Practice.

vii) The power to decide structure of remuneration has been delegated to Executive Directors of the Company.

PART – D

General:

I. Evaluation

The Nomination and Remuneration Committee shall recommend the criteria for evaluation of performance of the independent directors and the Board.

II. Insurance

Where any insurance is taken by the Company on behalf of its Director (either Executive or Non-Executive), 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.

III. Amendments

In case any amendment(s), clarification(s), circular(s) and guideline(s) issued by the Companies Act, 2013 and Securities and Exchange Board of India, that is not consistent with the requirements specified under this Policy, then the provisions of such amendment(s), clarification(s), circular(s) and the guideline(s) shall prevail upon the requirements hereunder and this Policy shall stand amended accordingly effective from the date as laid down under such amendment(s), clarification(s), circular(s) and guideline(s).