

RUSHIL DECOR LIMITED

NOMINATION AND REMUNERATION POLICY

1. Introduction:

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay proper remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, taking into consideration the interests of the shareholders and the company, and any specific matters, including the assignments and the responsibility undertaken in the interests of the shareholders and the company, and 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 SEBI (LODR) Regulations, 2015 as amended from time to time this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors.

The nomination and remuneration policy is built on the following principles:

- Transparent – the policy and its execution is clear and practical.
- Long-term – the policy focus on long-term value creation
- Compliant – RDL adopts the highest standards of good corporate governance
- Simple – the policy and its execution are as simple as possible and easily understandable to all stakeholders

2. Objective and purpose of the policy:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To determine remuneration based on the Company's scope, financial position and trends and practices on remuneration prevailing in peer companies in the industry, quality, experience and expertise of a person etc.
- To carry out evaluation of the performance of Directors.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage. In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors.

3. Effective Date:

This policy shall be effective from the date on which it is approved by the board.

4. Constitution of the Nomination and Remuneration Committee:

The Nomination and Remuneration Committee comprises of following Directors:

Sr. No.	Name of the Director	Nature of Directorship	Designation in Committee
1	Mr. Shankar Prasad Bhagat	Non-executive Independent Director	Chairman
2	Ms. Shreya M. Shah	Non-executive Independent Director	Member
3	Mr. Kantilal Ambalal Puj	Non-executive Independent Director	Member
4	Mr. Krupesh G. Thakkar	Executive Director	Member

The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirement.

5. Present position of Directors and KMP of the Company

- ❖ At present, there are total 6 (Six) directors on the Board of the Company, of which 3 (Three) are Non-Executive and Independent, and the remaining 3 (Three) are Executive Directors. None of Non - Executive Directors are paid any remuneration from the Company.
- ❖ Key Managerial Personnel (KMP) consists of Executive Chairman and Managing Director, Whole-time Director, Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary who are employees.

6. Definitions:

- "Board" means Board of Directors of the Company.
- "Director" means Director of the Company.
- "Committee" means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- "Company" means Rushil Decor Limited.
- "Independent Director" means a director referred to in Section 149 (6) of the Companies Act, 2013.
- "Key Managerial Personnel" (KMP) means-
(i) Managing Director;

- (ii) Whole-time Director;
- (iii) Chief Executive Officer;
- (iv) Chief Financial Officer;
- (v) Company Secretary;
- (vi) Such other officer as may be prescribed under the applicable statutory provisions / regulations.

- Senior Management means personnel of the Company who are covered under the Senior Management as per Companies Act, 2013 read with Rules framed thereunder.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

7. Applicability:

The Policy is applicable to

- Directors (Executive and Non-Executive)
- Key Managerial Personnel
- Senior Management Personnel

8. General about the Policy:

- This Policy is divided in three parts:

Part – A covers the matters to be dealt with and recommended by the Committee to the Board,

Part – B covers the appointment; and

Part – C covers remuneration and perquisites etc.

- 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 NOMINATION AND REMUNERATION COMMITTEE

The Committee shall:

- **Formulate the criteria** for determining qualifications, positive attributes

and independence of a director.

Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.

- **Recommend to the Board, appointment and removal** of Director, KMP and Senior Management Personnel.

PART – B

POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

- Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level 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.

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 may carry out evaluation of performance of every Director as per requirement under the Companies Act, 2013 read with rules framed thereunder on annual basis. It may also carry out evaluation of Senior Personnel at regular interval as per policy of the Company.

- 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 Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

- Retirement:

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company, if any. 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.

PART – C

POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

- General:

1. The remuneration / compensation / commission etc. to the Whole-time Director and KMP 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 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 Director.

4. Where any insurance is taken by the Company on behalf of its 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.

5. To ensure that the level and components of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and other employees of the quality required to run the Company successfully.

6. No director / KMP/ other employee is involved in deciding his or her own remuneration.

7. The trend prevalent in the similar industry, nature and size of business is kept in view and given due weightage to arrive at a competitive quantum of remuneration.

8. Provisions of law with regard making payment of remuneration, as may be applicable, are complied.

9. Whenever, there is any deviation from the Policy, the justification /reasons should also be indicated / disclosed adequately.

10. Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

1. Fixed pay:

The Whole-time Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee or as per policy of the Company. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. may 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 and Managing 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 or Managing 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 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, in any case, 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. The Board has discretion to determine the sitting fees of Non- Executive / Independent Director but not more than the limit prescribed under the Companies Act, 2013 read with rules framed thereunder.

3. Commission:

Commission may be paid within the monetary limit as approved by shareholders, subject to the limit as provided under the provisions of the Companies Act, 2013 read with Rules framed thereunder.

4. Stock Options:

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

The Board may, upon recommendation of the Nomination and Remuneration Committee, amend or modify this Policy as and when deems necessary.

Extension of Loan to the KMP (not being Director):

The Loan may be extended to the KMP (Not being a Director) or Senior Executive Personnel subject to fulfill of Criteria and terms and conditions as laid down from time to time with respect to Minimum rate of Interest which shall in no case shall be lower than the prevailing bank rate of interest and the re-payment schedule shall be determined by the Nomination and Remuneration Committee apart from other terms and conditions.

The extension of Loan shall be in conformity with the Companies Act, 2013 and Income Tax Act, 1961 as amended from time to time and rules framed there under.

8. Amendment in Law:

Any subsequent amendment / modification in the SEBI (LODR) Regulations, 2015 and/or applicable laws in this regard shall automatically apply to this Policy.

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