



GOA CARBON LIMITED

CIN L23109GA1967PLC000076

Nomination and Remuneration Policy

1. Introduction:

Pursuant to Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board of Directors of every listed Company shall constitute the Nomination and Remuneration Committee. The Company had already constituted a Remuneration Committee comprising of three non-executive Independent Directors as required under Listing Agreement. In order to align with the provisions of the Companies Act, 2013 and the amended Listing Agreement, the Board of Directors at its meeting held on April 11, 2014 changed the nomenclature of the “Remuneration Committee” as “Nomination and Remuneration Committee”.

This Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement.

2. Objective:

The Key Objectives of the Committee would be:

- a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- 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, Key Managerial Personnel and Senior Management.

3. Definitions:

“**Act**” means the Companies Act, 2013 and rules framed there under, as amended from time to time.

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

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



"Key Managerial Personnel (KMP)" means

- Chief Executive Officer or the Managing Director or the Manager;
- Whole-time Director;
- Chief Financial Officer;
- Company Secretary; and
- such other officer as may be prescribed.

"Senior Management" means personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads.

4. Membership:

- a) The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- b) Minimum two members shall constitute a quorum for the Committee meeting.
- c) Membership of the Committee shall be disclosed in the Annual Report.
- d) Term of the Committee shall be continued unless terminated by the Board of Directors.

5. Chairperson:

- a) Chairperson of the Committee shall be an Independent Director.
- b) Chairman of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- c) In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d) Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

6. Committee Members' Interests:

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.



7. Voting:

- a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

8. Role of the Committee:

The role of the Committee inter alia will be the following:

- a) To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- b) Formulate criteria for evaluation of Independent Directors and the Board.
- c) Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- d) To carry out evaluation of every Director's performance.
- e) To recommend to the Board the appointment and removal of Directors and Senior Management
- f) To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- g) Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- h) To devise a policy on Board diversity.
- i) To develop a succession plan for the Board and to regularly review the plan.

9. Policy for appointment and removal of Director, KMP and Senior Management:

9.1 Appointment criteria and qualifications:

- a) 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 to the Board his / her appointment.
- b) 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.



c) The Company shall not appoint or continue the employment of any person as Managing Director/ Whole-time Director/Manager 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.

9.2 Term / Tenure:

a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Managing Director or Whole-time 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.

b) 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. *However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he / she shall be eligible for appointment for one more term of 5 years only.*

- 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 or such other number as may be prescribed under the Act



9.3 Evaluation:

The Committee shall carry out evaluation of performance of every Director (on yearly basis).

The Committee shall identify evaluation criteria which will evaluate Directors based on the attendance / preparedness / participation / performance at board meetings, professional conduct and independence etc. The appointment / re-appointment / continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process.

Framework for performance evaluation of the Board and Independent Directors is as per "Annexure A" to this Policy.

9.4 Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under 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 subject to the provisions and compliance of the said Act, rules and regulations.

9.5 Retirement:

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company as the case may be. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

10. Policy on Board diversity:

The Board of Directors shall have the optimum combination of Directors from the different areas / fields like Process / Projects, Production, Management, Finance, Legal, Sales and Marketing, Research and Development, Human Resources etc. or as may be considered appropriate.

The Board shall have at least one Board member who has accounting or related financial management expertise and at least two members who are financially literate.



11. Familiarization Programme for Independent Directors:

- a) The Company shall familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes.
- b) As and when familiarization programme is conducted, the same will be disclosed on the website of the Company. A web link of the disclosure shall also be given in the Annual Report of the Company.

12. Policy relating to the remuneration for the Managing Director/Whole-time Director/Manager, KMP and Senior Management Personnel:

12.1 General:

- a) The remuneration / commission etc. to the Managing Director/Whole-time Director/Manager and Independent Directors will be determined by the Committee and recommended to the Board for approval. The remuneration / commission etc. shall be in accordance with Companies Act, 2013 and the rules made there under for the time being in force and shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required.
- b) The remuneration of KMP and Senior Management Personnel, shall be determined by way of a presentation before the Committee by the Head (Personnel/HR) or by the Chief Financial Officer, which would have requisite details. The Committee shall peruse the same and approve accordingly.
- c) 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 Managing Director/Whole-time Director/Manager. Increments will be effective from 1st April.
- d) Where any insurance is taken by the Company on behalf of its Managing Director/Whole-time Director/Manager, KMP 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.



12.2 Remuneration to Managing Director / Whole-time Director / Manager, KMP and Senior Management Personnel:

12.2.1 Remuneration to Managing Director/Whole-time Director/Manager:

a) Remuneration:

The Managing Director/Whole-time Director/Manager shall be eligible for remuneration as may be approved by the Shareholders of the Company on the recommendation of the Committee and the Board of Directors. The break-up of the pay scale, performance bonus and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and shall be within the overall remuneration 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 Director/Whole-time Director/Manager in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the approval of the Central Government.

c) Provisions for excess remuneration:

If any Managing Director/Whole-time Director/Manager 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, 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.

12.2.2 Remuneration to Non-Executive/Independent Director:

a) Sitting Fees:

The Non-Executive/Independent Director shall be paid sitting fees for attending meetings of the Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or



Committee or such amount as may be prescribed by the Central Government from time to time

b) Profit-linked Commission:

The profit-linked commission may be paid within the monetary limit approved by the shareholders of the Company subject to the same not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Regulations

c) Stock Options:

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

12.2.3 Remuneration to KMP and Senior Managerial Personnel:

The KMP and Senior Management Personnel of the Company shall be paid monthly remuneration as per the Company's HR policies and / or as may be approved by the Committee. 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. shall be as per the Company's HR policies.

In case of any proposed performance based increments or incentives in any financial year, the Head (Personnel/HR) or the Chief Financial Officer of the Company, shall make an annual presentation before the Committee which would have requisite details setting out the proposed performance based payouts for the financial year. The Committee shall peruse and approve the same unless required under relevant regulations, to refer the same to the Board of Directors and/ or Shareholders of the Company.

This Policy shall apply to all future / continuing employment / engagement(s) with the Company. In other respects, the Policy shall be of guidance for the Board. Any deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

The remuneration for KMP and Senior Managerial Personnel of the Company shall be approved by the Committee based on the recommendation / presentation by the Head (Personnel/HR) or the Chief Financial Officer of the Company. In case any of the relevant regulations require that



remuneration of KMPs or any other officer is to be specifically approved by the Committee and / or the Board of Directors then such approval will be accordingly procured.

12.2.4 Loans and advances to employees of the Company:

The employees of the Company, on an application in writing to the CEO of the Company, be granted loan or advance at an interest rate to be decided by the KMP's of the Company with consideration to the income / financial status or position of the requesting employee / any other criteria or as per the Company's HR policies.



Annexure A

Framework for performance evaluation of the Board and Independent Directors

As per the provisions of Clause 49 of the Listing Agreement with the stock exchanges, the Nomination and Remuneration Committee (the "Committee") shall lay down the evaluation criteria for performance evaluation of the Board and Independent Directors. Further, in terms of the said Clause 49, the Board is required to monitor and review Board Evaluation Framework. This framework shall contain the details of Board's self-evaluation framework (including all Committees of the Board and individual Directors).

The Board is committed to assessing its own performance as a Board in order to identify its strengths and areas in which it may improve its functioning. To that end, the Committee shall establish the following processes for evaluation of performance of the Board and the Independent Directors:

1. Once a year, the Board will conduct a self-evaluation. It is the responsibility of the Chairman of the Board, supported by the Company Secretary of the Company, to organise the evaluation process and act on its outcome;
2. The Committee shall formulate evaluation criteria for the Board and the Independent Directors which shall be broadly based on the attendance / preparedness / participation / performance at board meetings, professional conduct and independence etc.
3. The Board / Independent Directors shall be asked to complete the evaluation forms and submit the same to the Chairman.
4. In terms of Section 134 of the Companies Act, 2013, the Directors' Report should include a statement indicating a manner in which the Board has done formal annual evaluation of its own performance, performance of Committees and individual Directors of the Company.