

**RAW EDGE INDUSTRIAL SOLUTIONS LIMITED**

**CIN No: L46201MH2005PLC240892**

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## **NOMINATION & REMUNERATION COMMITTEE POLICY**

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Registered Office: Address: B1-401, B Wing, Boomerang, Chandivali Farm Road,  
Andheri East, Mumbai Mumbai City Mh 400072

**E-Mail:** [cs@rawedge.in](mailto:cs@rawedge.in), **Web:** [www.rawedge.in](http://www.rawedge.in), **Phone:** +91 9724326805

## 1. INTRODUCTION

This policy outlines the basis for human resource management at Raw Edge Industrial Solutions Limited. The policy on appointment and remuneration of Directors, Key Managerial Personnel (KMPs), and other employees was prepared in accordance with Section 178(4) of the Companies Act, 2013, and Regulation 19(4) read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## 2. OBJECTIVE

The key objectives of the committee are:

- To guide the Board on the appointment and removal of Directors, KMPs, and Senior Management.
- To evaluate the performance of Board members and report this to the Board for further evaluation.
- To recommend the remuneration for Directors, KMPs, and Senior Management to the Board.
- To provide KMPs and Senior Management with rewards directly linked to their effort, performance, dedication, and achievements.
- To retain, motivate, and promote talent to ensure long-term sustainability and create a competitive advantage.
- To attract highly competent human resources to sustain and grow the company's business.
- To ensure the policy includes the following guiding principles:
  - The level and composition of remuneration should be reasonable and sufficient to attract, retain, and motivate high-quality Directors.
  - The relationship between remuneration and performance should be clear and meet appropriate benchmarks.
  - Remuneration for Directors, KMPs, and Senior Management should balance fixed and incentive pay, reflecting short-term and long-term performance objectives.

## 3. DEFINITIONS

- 'Act' refers to the Companies Act, 2013, and its rules, as amended from time to time.
- 'Board' means the Board of Directors of the Company.
- 'Directors' means Directors of the Company.
- 'Key Managerial Personnel' includes the Chief Executive Officer, Managing Director, Manager, Whole-time Director, Company Secretary, Chief Financial Officer, and other prescribed officers.
- 'Senior Management' means the company's core management team members, excluding the Board of Directors, and including Functional Heads.

## 4. SCOPE

This policy applies to the Directors, Key Managerial Personnel (KMPs), and members of the Senior Management of the Company.

## 5. ROLE OF THE COMMITTEE

The Committee shall:

- Formulate criteria for determining a director's qualifications, positive attributes, and independence.
- Create criteria for evaluating the performance of independent directors and the Board of Directors.
- Devise a policy on the diversity of the board of directors.
- Identify qualified individuals for Director, KMP, and Senior Management positions based on the established criteria and recommend their appointment and removal to the Board.

- Recommend whether to extend or continue the term of an independent director based on their performance evaluation report.
- Recommend to the Board all forms of remuneration for senior management.

## **6. POINTS TO BE CONSIDERED FOR APPOINTMENT OF DIRECTOR, KMP AND SENIOR MANAGEMENT**

- The Committee will identify and verify a person's integrity, qualifications, expertise, and experience before recommending their appointment as a Director, KMP, or Senior Management.
- For an independent director, the Committee will evaluate the balance of skills, knowledge, and experience on the Board and prepare a description of the required role and capabilities.
- A person must have adequate qualifications, expertise, and experience for the position. The Committee has the discretion to determine if these are sufficient.
- The company will not appoint or continue the employment of a managing director, whole-time director, or manager who is under 21 years old, has reached 70 years of age, is an undischarged insolvent, has suspended payment to creditors, or has been convicted and sentenced for more than six months.
- A person will not be appointed or continue as a Whole-time Director if they have reached seventy years of age, subject to applicable laws.
- To be considered for an Independent Director position, a person must provide a written disclosure of their independence as per Section 149 of the Companies Act, 2013.

## **7. TERM/TENURE**

- **Managing Director/Whole-time Director:** The company can appoint or re-appoint a person for a term not exceeding the period specified under the Act. Re-appointment cannot be made earlier than one year before the term expires and requires shareholder approval based on the committee's and board's recommendation.
- **Independent Director:** An Independent Director can hold office for up to five consecutive years and is eligible for re-appointment through a special resolution. They cannot hold office for more than two consecutive terms and are eligible for re-appointment only after a three-year cooling-off period. During this three-year period, they cannot be associated with the company in any other capacity.
- At the time of appointment, a director's service on other boards is restricted to seven listed companies as a director or independent director, or three listed companies as an independent director if they are a Whole-time Director of a listed company.

## **8. EVALUATION**

- The Committee will conduct a performance evaluation of every Director, KMP, and Senior Management Personnel at regular intervals or at least annually.
- Performance evaluations of KMPs, Senior Management, and other employees will be conducted by their respective reporting executives and functional heads.
- The performance evaluation of Independent Directors will be conducted by the entire Board, excluding the director being evaluated.

## **9. REMOVAL**

The Committee may recommend the removal of a Director, KMP, or Senior Management Personnel to the Board for disqualifications under the Act or other applicable rules and regulations.

## 10. RETIREMENT

Directors, KMPs, and Senior Management will retire in accordance with the Act and the company's prevailing policy. The Board has the discretion to retain them past retirement age for the company's benefit, provided all applicable laws are complied with.

## 11. POLICY RELATING TO THE REMUNERATION OF THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

### • GENERAL:

- Remuneration for Whole-time Directors, KMPs, and Senior Management will be determined by the Committee and approved by the Board<sup>45</sup>. It is subject to the approval of shareholders and the Central Government, if required<sup>46</sup>.
- Remuneration and commission for the Whole-time Director will be in accordance with the company's Articles of Association and the Act, subject to shareholder approval where needed.
- Insurance premiums paid by the company to indemnify Whole-time Directors, CEOs, CFOs, Company Secretaries, and other employees against liability are not treated as part of their remuneration unless the person is proven guilty. However, a proportionate amount of premiums for Group Medi-claim or Group Personal Accident policies is considered part of the overall remuneration.
- The company may provide interest-free loans to employees for exigencies like education or rent deposits, in line with their conditions of service.
- The total managerial remuneration for directors in any financial year cannot exceed 11% of the company's net profits, as calculated under Section 198 of the Companies Act, 2013. The company may exceed this limit with the approval of the Companies Act, 2013.

## 12. REMUNERATION TO WHOLE-TIME/EXECUTIVE/MANAGING DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL:

- **a) FIXED PAY:** Whole-time Directors, KMPs, and Senior Management are eligible for a monthly remuneration recommended by the Committee and approved by the Board. The pay scale and perquisites are decided by the Board based on the Committee's recommendation, and may require shareholder and Central Government approval.
- **b) MINIMUM REMUNERATION:** If the company has no profits or inadequate profits in a financial year, it will pay remuneration to Whole-time Directors as per Schedule V of the Act. If it cannot comply with these provisions, it requires prior approval from the Central Government.
- **c) PROVISIONS FOR REMUNERATION DRAWN IN EXCESS:** If a Whole-time Director receives remuneration in excess of the limits prescribed by the Act, they must refund the sum to the company. The company cannot waive recovery of this sum unless permitted by the Central Government.
- **d) REMUNERATION TO DIRECTORS IN OTHER CAPACITY:** Remuneration for a director also includes pay for services rendered in any other capacity, unless the services are of a professional nature and the Nomination and Remuneration Committee or the Board believes the director has the necessary qualifications for that profession.

## 13. REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTOR

- **a) REMUNERATION/COMMISSION:** Remuneration or commission for non-executive/independent directors is proposed by the Nomination & Remuneration

Committee and approved by the Board.

- **b) SITTING FEES:** A director may receive a fee for attending Board or Committee meetings. This fee cannot exceed 1 lakh per meeting of the Board or committee. The Board can decide on different sitting fees for independent and non-independent directors (other than whole-time directors).
- **c) STOCK OPTIONS:** While the company may provide stock options as part of total remuneration, an Independent Director is not entitled to any stock options<sup>64</sup>.

#### **14. REMUNERATION OF OTHER EMPLOYEES**

The remuneration for other employees is set based on the guiding principles of the policy, industry standards, and the cost of living. In addition to a basic salary, they also receive perquisites and retirement benefits as per company schemes and statutory requirements. A policy for motivation, reward, and severance payments is applicable to these employees as determined by management.

#### **15. KEY FACTORS FOR DETERMINING REMUNERATION**

When determining remuneration, the Committee ensures that:

- The remuneration is sufficient to attract, retain, and motivate high-quality directors.
- The relationship between remuneration and performance is clear and meets appropriate benchmarks.
- The remuneration balances fixed and incentive pay, reflecting short-term and long-term performance objectives.
- No director, KMP, or other employee is involved in deciding their own remuneration.
- The prevailing industry trends and the nature and size of the business are considered to ensure competitive remuneration.
- Remuneration packages strike a balance between fixed and incentive pay, reflecting the company's goals.

#### **16. CRITERIA FOR DETERMINING REMUNERATION**

The criteria include:

- Responsibilities and duties assigned.
- Time and effort devoted.
- Value addition.
- Company profitability and business growth.
- Standards for functions with a scarcity of qualified resources.
- Other applicable criteria.

#### **17. REVIEW**

This policy will be reviewed periodically to ensure compliance with legal requirements. The Board of Directors can amend, suspend, or rescind this policy at any time, subject to applicable laws and Listing Regulations. In the case of any conflict with the Act, Rules, or other laws, the law will prevail. The updated policy will be hosted on the company's website.

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(This Policy is approved by the Board of Directors at their meeting held on 02<sup>nd</sup> May, 2025  
and shall be effective from 02<sup>nd</sup> May, 2025)