



## **NOMINATION AND REMUNERATION POLICY**

### **Legal basis for Policy:**

As per Section 178 of the Companies Act, 2013, requires that the Board of Directors of every Company satisfying the following conditions shall constitute a Nomination and Remuneration Committee.

- (a) Having paid up share capital of Rs. 10 Crore or
- (b) turnover of Rs. 100 Crore,
- (c) all public companies, having in aggregate, outstanding loans or borrowings or debentures or deposits exceeding fifty crore rupees or more.

The Company has constituted a Nomination and Remuneration Committee [NRC Committee] as required under the Section 178 of the Companies Act, 2013. This Committee and the Policy is formulated in accordance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto.

### **1) Objectives**

The Key Objectives of the Committee are:

- (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.

### **2) Definitions**

- i. "Board" means Board of Directors of the Company.
- ii. "Company" means "OK PLAY INDIA LIMITED."
- iii. "Independent Director" means a Director referred to in Section 149 (6) of the Companies Act, 2013.
- iv. "Key Managerial Personnel" (KMP) means:
  - (a) Chief Executive Officer or the Managing / Executive Director or the Manager (Managerial Person),
  - (b) Company Secretary,
  - (c) Whole-time Director,
  - (d) Chief Financial Officer and
  - (e) Such other officer as may be prescribed under the Companies Act 2013.

### **OK PLAY INDIA LIMITED**

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- v. **"Committee"** shall mean the Nomination & Remuneration Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013.
- vi. **"Policy or This Policy"** means, "Nomination and Remuneration Policy."
- vii. **"Remuneration"** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income tax Act, 1961.
- viii. **"Senior Management"** means, personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads.

### 3) Interpretation

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013 and rule made there under.

### 4) Appointment and Removal of Managerial Person, Director, Key Management Personnel and Senior Management

#### i. **Appointment criteria and qualifications:**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Managerial Person, Director, KMP or Senior Management Personnel and recommend to the Board his / her appointment.
- b) The Committee has discretion to decide the adequacy of qualification, expertise and experience for the concerned position.

#### ii. **Term / Tenure:**

- a) The Company shall appoint or re-appoint any person as Managing Directors/ whole time Director / Manager or CEO 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) The Company shall appoint or re-appoint a person as its Managerial Person by passing of a requisite resolution and disclosure of such appointment in the Directors Report forming part of the Annual Report.
- c) 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. Term can be for a maximum period of five years.  
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.

- d) 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.

### **iii. 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 Managerial Person, Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

### **iv. Retirement:**

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

### **5) Disqualifications for Appointment of Directors Pursuant to section 164 of the Companies Act, 2013**

1. A person shall not be eligible for appointment as director of the company if:
  - i. he is of unsound mind and stands so declared by a competent court;
  - ii. he is un-discharged insolvent;
  - iii. he has applied to be adjudicated as an insolvent and his application is pending;
  - iv. He has been convicted by a court of any offence, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence:

Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director in any company:

- v. An order disqualifying him for appointment as a director has been passed by a court or Tribunal and the order in force;
- vi. He has not paid any calls in respect of any shares of the company held by him whether alone or jointly with others and six months have elapsed from the last day fixed for the payment of the call;
- vii. He has been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years; or
- viii. He has not complied with sub section of section 152 of the Companies Act, 2013.

2. No person who is or has been a Director of the company which:-
  - a) Has not filed financial statements or annual returns for any continuous period of three financial years; or
  - a) Has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay dividend declared and such failure to pay or redeem continues for one year or more,shall be eligible to be re-appointed as a director of that company or appointed in other company for a period of five years from the date on which the company fails to do so.
3. A person shall not be eligible for appointment and continuance as a Director, if he / she is not found 'fit and proper' as per criteria laid down by the Company.

#### **6. Remuneration Policy**

The remuneration / compensation / commission etc. to Managerial Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the approval of the shareholders of the Company and Central Government, wherever required. The remuneration and commission to be paid to the Managerial Personnel shall be as per the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force. 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 Managerial Personnel.

#### **7. Remuneration Strategy for Employees of OK PLAY**

The Company adopts a total compensation philosophy in rewarding employees. The total compensation package for the employees may comprise of Fixed and Variable Component. Fixed pay consists of the base salary and any recurring, regular allowances payable in the specific location. Variable pay includes performance incentive. The level of total compensation is designed to be appropriate to attract, retain and motivate employees to contribute their best. In determining the total compensation of employees, the Company takes into account the role and its responsibilities, the individuals' and teams' performance, loyalty, seniority and the Company's performance, as well as market factors. The Company's remuneration strategy is market-driven and aims at attracting and retaining high caliber talent. Factors such as profitability and achievement of key performance indicators are taken into consideration, in determining the increment. Individual increment allocation is based on performance against various set of pre-defined objectives. The strategy is in consonance with the existing industry practice and is directed towards rewarding performance, based on review of achievements, on a periodical basis.

## **8. Remuneration of Key Management Personnel**

The Company shall review, at least annually, the Key Management personnel's remuneration arrangements in light of current market benchmarks and expert advice on remuneration levels and, with due consideration to law and corporate governance principles, Remuneration of the Key Management Personnel consists of a fixed component and a variable performance incentive. The annual appraisal of the Key Management personnel is based on a detailed performance evaluation of their Key Performance Indicators (KPI's)

- i. Fixed Component: Consists of Basic Pay (Usually 25%-50% of the gross Fixed Salary).
- ii. Perquisites: In the form of house rent allowance/ accommodation, reimbursement of medical expenses, conveyance, children education, telephone, communication equipment's like cell phone etc.
- iii. Retirement Benefits: Pension contributions, Gratuity payments, Superannuation fund are made in accordance with applicable laws and employment agreements.
- iv. Personal benefits: Based on employment agreements and Company policy, Company Car and Driver is provided to specific grade.
- v. Variable pay is linked to the below three factors:
  - a) the financial results of the company;
  - b) targets achieved;
  - c) the individual performance and that of the department/team

vi. Annual Performance Linked Bonus: Individual bonus allocation takes performance ratings and performance against various set of objectives mentioned below into consideration.

In the beginning of the year the Board sets the organization performance objectives based on qualitative and quantitative measures.

These objectives are reviewed periodically to ensure they remain consistent with the Company's priorities and the changing nature of the Company's business.

These objectives form part of the performance targets for the Managerial Personnel.

Performance against these objectives is reviewed annually by the Board and is reflected in the Managerial Personnel's remuneration review.

## **9. Remuneration to Managerial Personnel**

### **Fixed Pay**

Managerial Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. The break up of the pay scale

and quantum of perquisites including, employer's contribution to provident fund, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required. Minimum Remuneration: If in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel 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 prior approval of the Central Government.

#### **10. Provisions for excess remuneration**

If any Managerial Personnel 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. The remuneration to Personnel of Senior Management and other employees shall be governed by the.

#### **11. Remuneration to Non-Executive / Independent Director:**

The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

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 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.

#### **12. Limit of Remuneration / Commission**

Remuneration / Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

Deviations from the Policy: 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. Amendments: The Remuneration Policy may be reviewed by the Board of the Company on the recommendation of the Nomination & Remuneration Committee of the Board.