



Alkyl Amines Chemicals Limited

Nomination and Remuneration Policy

REVISION HISTORY

Version	Description	Effective date	Approved on
V.0	Nomination and Remuneration Policy	April 1, 2014	October 28, 2014

**NOMINATION AND REMUNERATION COMMITTEE AND
NOMINATION AND REMUNERATION POLICY**

We have a Nomination and Remuneration Committee consisting of three non-executive and independent directors, as under:

Mr. S.B. Ghia.....Chairman
Mr. D.G. Piramal.....Member
Mr. S.M. Thakore.....Member

The Committee's duties include:

- (a) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance
- (b) formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

The Nomination and Remuneration Committee, while formulating the policy, has to ensure that -

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals. Senior Management includes employees in the Grade of General Manager and above.

The terms of reference of the Remuneration Committee also include reviewing the overall compensation policy, service agreements, performance incentive and other employment conditions of Executive Directors. The recommendations of the Remuneration Committee are considered and approved by the Board of Directors, subject to the approval of the shareholders, where necessary.

The remuneration payable to the Executive Directors and Senior Management, include, a fixed portion and a variable, portion depending upon the performance of the Company.

The elements of the fixed portion of the remuneration package of the Managing Director, two Executive Directors and Senior Management comprise of salary, perquisites & allowances comprising of house rent allowance, leave travel allowance, club membership / facilities, use of chauffeur driven Company car, telecommunication facilities at residence and other perquisites and allowances including Company's contribution to provident fund, gratuity and leave encashment facilities in accordance with rules of the Company.

The variable portion for the whole time directors will comprise a commission to be paid based on the profits of the company as defined in 198 of the Companies Act and for the Senior management based partly on the basis of their individual performance (Performance Incentive) and as a share of the PAT as defined year to year.

The remuneration of the Chairman & Managing Director shall not exceed 5% of the net profits as calculated under the Provisions of The Companies Act.

The Non-executive Directors are paid a sitting fee not exceeding Rs.20,000 per meeting of the Board/Committee attended (except Stakeholder Relationship Committee, which is Rs.2,000/-). In addition, the Non-executive Directors are also paid a commission of 1% of the net profit, which is equally shared among the 7 Non-executive Directors.

The overall remuneration paid to the Directors (excluding sitting fees) shall not exceed 11% of the net profit of the Company.

As regards remuneration payable to the Senior Management, it is fixed by the Chairman & Managing Director in consultation with the Remuneration Committee and HR Department within the overall remuneration policy of the Company.

The key objective of the Company's broad remuneration policy is to enable a framework that allows for competitive and fair rewards for the achievement of key deliverables and also aligns with practice in similar industry and shareholders' expectations. In determining this policy, the Committee takes into account factors it deems relevant and gives due regard to the interests of shareholders and to the financial and commercial health of the Company. It ensures that levels of remuneration are sufficient to attract and retain senior executives of the quality required to run the Company successfully. When setting remuneration for the Executive Directors and Senior Management, the Committee takes into account the market sector, business performance and the practices in other comparable companies.

Within the terms of the agreed policy, the Committee determines the entire individual remuneration package for the Executive Directors. The Committee ensures that a significant proportion of Executive Directors remuneration is structured so as to link rewards to corporate and individual performance. In determining packages of remuneration, the Committee consults with the Chairman & Managing Director, who attends the meetings of the Committee as a special invitee.