

NOMINATION AND REMUNERATION POLICY FOR THE MEMBERS OF BOARD AND EXECUTIVE MANAGEMENT

1. Preamble

- 1.1 The Remuneration Policy of THE WESTERN INDIA PLYWOODS LIMITED (the “Company”) is designed to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and teamwork, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and superannuation benefits. The policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.
- 1.2 The remuneration policy provides a framework for remuneration paid to the members of the Board of Directors (“Board”), Key Managerial Personnel (“KMP”) and the Senior Management Personnel (“SMP”) of the Company (collectively referred to as “Executives”).

2. Definitions

2.1 Key Managerial Personnel: Key Managerial Personnel means—

- (i) Chief Executive Officer or the managing director or the manager;
- (ii) Company Secretary,
- (iii) Whole-time Director;
- (iv) Chief Financial Officer; and
- (v) Such other officer as may be prescribed under the Companies Act, 2013

2.2 Senior Management : The expression “senior management” means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

3. Objectives

3.1 The main objective of this Policy is constitution of the Nomination and Remuneration Committee and align its functions in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement.

3.2 The Key Objectives of the Committee would be:

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

3.2.2 To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.

3.2.3 To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

3.3 Key Objectives of the Policy would be

3.3.1 The remuneration policy aims to enable the company to attract, retain and motivate highly qualified members for the Board and Executive level.

3.3.2 The remuneration policy seeks to enable the company to provide a balanced and performance-related compensation package, taking into account interests of shareholders, industry standards and relevant Indian corporate regulations.

3.3.3 The remuneration policy will ensure that the interests of Board members and Executives are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the company and will be consistent with the "pay-for-performance" principle.

3.3.4 The remuneration policy will ensure that remuneration to Directors and Executives 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.

4. Principles of remuneration

4.1 Support for Strategic Objectives: Remuneration and reward frameworks and decisions shall be designed in a manner that is consistent with, supports and reinforces the achievement of the Company's vision and strategy.

4.2 Transparency: The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.

4.3 Internal equity: The Company shall remunerate the board members and the Executives in terms of their roles within the organisation. Positions shall be formally evaluated to determine their relative status in relation to other positions within the Company.

4.4 External equity: The Company strives to pay an equitable remuneration, capable of attracting and retaining high quality personnel. Therefore the Company will remain logically mindful of the ongoing need to attract and retain high quality people and the influence of external remuneration pressures.

- 4.5 Flexibility: Remuneration and reward offerings shall be sufficiently flexible to meet both the needs of individuals and those of the Company whilst complying with relevant tax and other legislation.
- 4.6 Affordability and Sustainability: The Company shall ensure that remuneration is affordable on a sustainable basis.

5. Nomination and Remuneration Committee

- 5.1 The Remuneration Committee of the Board of Directors shall be re-named as Nomination and Remuneration Committee. Members of the Committee shall be appointed by the Board and shall comprise of three or more non-executive directors out of which not less than one-half shall be independent directors.
- 5.2 The Committee shall be responsible for
 - 5.2.1 Formulating framework and/or policy for remuneration, terms of employment including service contracts, policy for and scope of pension arrangements, etc for Executives and reviewing it on a periodic basis;
 - 5.2.2 Formulating criteria for evaluation of Independent Directors and the Board.
 - 5.2.2 Formulate 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 Director.
 - 5.2.3 Identifying persons who are qualified to become directors and who may be appointed as Executives in accordance with the criteria laid down in this policy, recommend to the Board their appointment and removal and carry out their evaluation.
 - 5.2.4 Formulating terms for cessation of employment and ensure that any payments made are fair to the individual and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 5.3 The Committee shall:
 - 5.3.1 Review the ongoing appropriateness and relevance of the remuneration policy;
 - 5.3.2 Ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled;
 - 5.3.3 Obtain reliable, up-to-date information about remuneration in other companies;
 - 5.3.4 Ensure that no director or Executive is involved in any decisions as to their own remuneration.

6. Selection and appointment of the Board Members

The Committee shall follow the criteria for membership in the Board

- 6.1 The Committee, along with the Board, reviews on an annual basis, appropriate skills, characteristics and experience required for the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience in business, government, academics, technology and in areas that are relevant for the Company's operations.
- 6.2 In evaluating the suitability of individual Board members, the Committee takes into account many factors, including general understanding of the Company's business dynamics and social perspective, educational and professional background and personal achievements.
- 6.3 In addition, Directors must be willing to devote sufficient time and energy in carrying out their duties and responsibilities effectively. They must have the aptitude to critically evaluate management's working as part of a team in an environment of collegiality and trust.
- 6.4 The Committee evaluates each individual with the objective of having a group that best enables the success of the Company's business.

7. Procedure for selection and appointment of Executives other than Board Members

- 7.1 The Committee shall actively liaise with the relevant departments of the Company to study the requirement for management personnel, and produce a written document thereon;
- 7.2 The Committee may conduct a wide-ranging search for candidates for the positions of Employees within the Company, and on the human resources market;
- 7.3 The professional, academic qualifications, professional titles, detailed work experience and all concurrently held positions of the initial candidates shall be compiled as a written document;
- 7.4 A meeting of the Committee shall be convened, and the qualifications of the initial candidates shall be examined on the basis of the conditions for appointment of the Employees;
- 7.5 Before the selection of Employee, the recommendations of and relevant information on the relevant candidate(s) shall be submitted to the Management Committee and Board of Directors;
- 7.6 The Committee shall carry out other follow-up tasks based on the decisions of and feedback from the Board of Directors.

8. Compensation Structure

8.1 Remuneration to Non-Executive Directors:

8.1.1 The Non-executive Directors of the company are paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors and its Committee. The sitting fees paid to the Non-executive Directors for attending meetings of Board of Directors and for attending the Committees thereof will be fixed by the Board from time to time within the limits prescribed under the Companies Act, 2013. Beside the sitting fees they are also entitled to reimbursement of expenses. The Non-executive Directors of the Company are not paid any other remuneration.

8.1.2 The sitting fees of the Non-executive Directors for attending meetings of Board of Directors and the Committees of Board of Directors may be modified or implemented from time to time only with the approval of the Board in due compliance of the provisions of Companies Act, 2013.

8.2 Remuneration to Executive Directors, Key Managerial Personnel(s) (KMPs) and Senior Management Personnel (s) (SMPs):

8.2.1 The Company has a credible and transparent framework in determining and accounting for the remuneration of the Managing Director / Whole Time Directors (MD/WTDs), Key Managerial Personnel(s) (KMPs) and Senior Management Personnel(s) (SMPs). Their remuneration shall be governed by the external competitive environment, track record, potential, individual performance and performance of the company as well as industry standards. The remuneration determined for MD/WTDs, KMPs and SMPs are subjected to the approval of the Board of Directors in due compliance of the provisions of Companies Act, 2013. The remuneration for the KMP and the SMP at the time of the appointment and revision has to be approved by the Board but subsequent annual increments shall be approved by the Managing Director of the Company as per the HR policy of the Company.

8.2.2 Remuneration packages for Whole Time Directors are designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly. The remuneration of MD/WTDs, KMPs and SMPs comprises of salary, bonus, perquisites and also retirement benefits like P.F., Gratuity, etc as per Rules of the Company.

8.2.3 Remuneration also aims to motivate personnel to deliver Company's key business strategies, create a strong performance - oriented environment and reward achievement of meaningful targets over the short and long -term.

8.3 As a policy, the Executive Directors are not paid sitting fee.

9. Approval and publication

- 9.1 This remuneration policy as framed by the Committee shall be recommended to the Board of Directors for its approval.
- 9.2 This policy shall be hosted on the Company's website.
- 9.3 The policy shall form part of Director's report to be issued by the Board of Directors in terms of Companies Act, 2013

10. Supplementary provisions

- 10.1 This Policy shall formally be implemented from the date on which they are adopted pursuant to a resolution of the Board of Directors.
- 10.2 Any matters not provided for in this Policy shall be handled in accordance with relevant State laws and regulations and the Company's Articles of Association. If this Policy conflict with any laws or regulations subsequently promulgated by the state or with the Company's Articles of Association as amended pursuant to lawful procedure, the relevant state laws and regulations and the Company's Articles of Association shall prevail, and this Policy shall be amended in a timely manner and submitted to the Board of Directors for review and adoption.
- 10.3 The right to interpret this Policy vests in the Board of Directors of the Company.