



***Galaxy Bearings Limited***  
***[CIN: L29120GJ1990PLC014385]***

***Nomination and Remuneration Policy***

## **INTRODUCTION:**

This policy on Nomination and Remuneration of Directors, Key Managerial Personnel (KMPs), Senior Management Personnel (SMPs) and other employees has been formulated in terms of the provisions of the Companies Act, 2013 to pay equitable remuneration to the Directors, KMPs, SMPs and other employees of the Company and to harmonize the aspirations of human resources consistent with the goals of the Company.

## **DEFINITIONS & INTERPRETATIONS:**

*“Board of Directors” or “the Board” means the Board of Directors of Galaxy Bearings Limited, as constituted from time to time.*

*“The Company” wherever occur in the policy shall mean Galaxy Bearings Limited.*

*“Director” means Director of the Company.*

*“Key Managerial Personnel” in relation to a Company means*

- i. the Chief Executive Officer, or the Managing Director or the Manager;*
- ii. the Company Secretary;*
- iii. the Whole -time director;*
- iv. Chief Financial Officer; and*
- v. such other officer as may be prescribed under the Companies Act, 2013*

*“Independent Director” means a director referred to in Section 149(6) of the Companies Act, 2013 and rules framed thereunder.*

*“Senior Management Personnel” means personnel of the company who are members of its core management team excluding the Board of Directors but including Functional Heads*

*“The Committee” means the Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and/or regulations.*

## **CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE**

The Board has constituted the Nomination and Remuneration Committee of the Board. The Board has authority to reconstitute the committee from time to time.

## **ROLE OF THE COMMITTEE**

The terms of reference of the Nomination and Remuneration Committee are as follows:

- Make recommendations regarding the composition of the Board, identify independent Directors to be inducted to the Board from time to time and take steps to refresh the composition of the Board from time to time.

- Identify 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 carry out evaluation of every Director's performance.
- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the Directors, key managerial personnel and other employees.
- Formulate criteria for evaluation of Independent Directors and the Board.
- Devise a policy on Board Diversity.
- Provide guidance and direction in developing and implementing the reward philosophy of the Company.
- Evaluate and approve the appointment and remuneration of senior executives, including the key managerial personnel, the Company's remuneration plan, annual salary increase principles and budgets, annual and long term incentive plans of the Company, policies and programmes such as succession planning, employment agreements, severance agreements and any other benefits.
- Review progress on the Company leadership development programmes, including for promotion to the Board, employee engagement initiatives and employee surveys.
- Review and recommend to the Board the remuneration and commission to the managing and executive Directors and define the principles, guidelines and process for determining the payment of commission to non-executive Directors of the Company.

### **REMUNERATION FOR MANAGING DIRECTOR ('MD')/ EXECUTIVE DIRECTORS ('ED')/ KEY MANAGERIAL PERSONNEL ('KMP')**

- The Board, on the recommendation of the Nomination and Remuneration Committee, shall review and approve the remuneration payable to the Executive Directors of the Company within the overall limits approved by the shareholders, if required.
- The Board, on the recommendation of the Committee, shall also review and approve the remuneration payable to the Key Managerial Personnel of the Company.
- The remuneration structure to the Executive Directors and Key Managerial Personnel may include the following components: Basic Pay, Perquisites and Allowances, Stock Options, Commission (Applicable in case of Executive Directors), Retire benefits, Annual Performance Bonus.
- The Annual Plan and Objectives for Executive Directors and Senior Executives shall be reviewed by the Committee and Annual Performance Bonus will be approved by the Committee based on the achievements against the Annual Plan and Objectives.

### **REMUNERATION FOR INDEPENDENT DIRECTORS AND NON-INDEPENDENT NON-EXECUTIVE DIRECTORS**

- Independent Directors and non-independent non-executive Directors may be paid sitting fees for attending the Meetings of the Board and of Committees of which they may be members, as recommended by the Nomination and Remuneration Committee and approved by the Board.
- Overall remuneration should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company; taking into consideration the challenges faced by the Company and its future growth imperatives. Remuneration paid should be reflective of the size of the Company, complexity of the

sector/industry/Company's operations and the Company's capacity to pay the remuneration and be consistent with recognized best practices.

- The remuneration payable to Directors shall be inclusive of any remuneration payable for services rendered in any other capacity, unless the services rendered are of a professional nature and the Nomination and Remuneration Committee is of the opinion that the Director possesses requisite qualification for the practice of the profession.

## **TO OTHER EMPLOYEES**

- The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be market competitive, driven by the role played by the individual, reflective of the size of the Company, complexity of the sector/ industry/ Company's operations and the Company's capacity to pay, consistent with recognized best practices and aligned to any regulatory requirements.
- Basic/ fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience. In addition, the Company provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings. The Company provides retirement benefits as applicable.
- The Company may provide performance linked bonus to the rest of the employees. The performance linked bonus would be driven by the outcome of the performance appraisal process and the performance of the Company.

## **APPOINTMENT CRITERIA**

- 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.
- 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 are sufficient/ satisfactory for the concerned position.
- The Company shall not appoint or continue the employment of any person as Whole-time Director 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.

## **REMOVAL CRITERIA**

- Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or SMP subject to the provisions and compliance of the said Act, rules and regulations.

## **RETIREMENT CRITERIA**

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

## **POLICY REVIEW**

- The Board of Directors on its own and /or as per recommendations of Nomination and Remuneration Committee can amend this policy, as when deemed fit.