



ORIENT ABRASIVES LIMITED

Regd. Office : 1307, Chiranjiv Tower, 43, Nehru Place, New Delhi – 110 019

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E-mail : ho@oalindia.com Website : <http://www.orientabrasives.com>

CIN L24299DL1971PLC005854

Orient Abrasives Limited

Nomination and Remuneration Policy



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Preamble

This Nomination and Remuneration Policy is prepared in compliance of section 178(3) of the Companies Act, 2013 and applicable provisions of the Equity Listing Agreement with BSE/NSE. The objective of this policy is to formulate the criteria for determining qualifications, positive attributes and independence of a director and criteria for determination of remuneration for the directors, key managerial personnel and other employees of the organisation. The policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

The Nomination and Remuneration Policy of Orient Abrasives Ltd. (the “Company”) is designed to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and superannuation benefits.

Applicability and Effective Date

This Remuneration Policy applies to directors, senior management including its Key Managerial Personnel (KMP) and other employees of the Company.

This policy has approved by the Nomination and Remuneration Committee on 06 August 2014 and by the Board of Directors on 11 November 2014. It is effective from 1 October 2014.

Guiding principle

The guiding principle is that the remuneration and the other terms of employment should effectively help in attracting and retaining committed and competent personnel.

While designing remuneration packages, industry practices and cost of living are also taken into consideration.

Directors

As per the Policy followed by the Company since inception the non-executive directors are



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paid remuneration in the form of sitting fees for attending Board and Committee meetings as fixed by the Board of Directors from time to time subject to statutory provisions. Presently sitting fee is Rs. 10,000/- per Board meeting and Rs.5,000/- per Audit Committee meeting.

Remuneration of Whole Time Directors including Managing Director reflects the overall remuneration philosophy and guiding principle of the Company. When considering the appointment and remuneration of Whole Time Directors, the Nomination & Remuneration Committee (NRC) considers pay and employment conditions in the industry, merit and seniority of the person and the paying capacity of the Company.

The Nomination and Remuneration Committee while designing the remuneration package considers the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the company successfully.

The Nomination and Remuneration Committee while considering a remuneration package must ensure a balance between fixed and performance linked variable pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

The Nomination and Remuneration Committee considers that a successful Remuneration Policy must ensure that some part of the remuneration package is linked to the achievement of corporate performance targets and a strong alignment of interest with stakeholders.

The term of office and remuneration of Whole Time Directors are subject to the approval of the Board of Directors, shareholders and the limits laid down under the Companies Act from time to time.

Reward principles and objectives

The Company's Remuneration Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under section 178 of the Companies Act 2013, inter alia principles pertaining to determining qualifications, positive attributes,



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integrity and independence etc.

Reward policies

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 Whole Time Directors' remuneration comprises of salary, bonus, LTA, Medical reimbursement, perquisites, production linked incentive and performance based commission/ reward apart from retirement benefits like P.F., Superannuation, Gratuity, etc as per Rules of the Company.

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.

The Whole Time Directors are entitled to customary non-monetary benefits such as company cars, furnished accommodation, health care benefits, leave travel, communication facilities, etc. Their terms of appointment provide for severance payments as per the Companies Act.

Key Managerial Personnel and Senior Management

Appointment of KMP & senior management and cessation of their service are subject to the approval of the Board of Directors. Remuneration of KMP and other senior management personnel is decided by the Managing Director on the recommendation of the Whole Time Director concerned, where applicable, broadly based on the Remuneration Policy in respect of Whole Time Directors. Total remuneration comprises of:

1. **A fixed base salary** - set at a level aimed at attracting and retaining executives with professional and personal competence, showing good performance towards achieving Company goals.
2. **Perquisites** – in the form of house rent allowance/ accommodation, production linked incentives, furnishing allowance, reimbursement of medical expenses,



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conveyance, telephone, leave travel, etc.

3. **Retirement benefits** - contribution to PF, superannuation, gratuity, etc as per Company Rules.
4. **Motivation /Reward** - A performance appraisal is carried out annually and promotions/ increments/ rewards are decided by Managing Director based on the appraisal and recommendation of the concerned Whole Time Director, where applicable.
5. **Severance payments** - in accordance with terms of employment, and applicable statutory requirements, if any.

Other employees

The remuneration of other employees is fixed from time to time as per the guiding principles outlined above and considering industry standards and cost of living. In addition to basic salary they are also provided perquisites and retirement benefits as per schemes of the Company and statutory requirements, where applicable. Bonus/policy of motivation/ reward/ production linked incentive/ severance payments are applicable to this category of personnel as in the case of those in the management cadre.

Disclosure of information

Information on the total remuneration of members of the Company's Board of Directors, Whole Time Directors and KMP/ senior management personnel may be disclosed in the Company's annual financial statements as per statutory requirements.

Application of the Remuneration Policy

This Remuneration Policy shall continue to guide all future employment of Directors, Company's Senior Management including Key Managerial Personnel and other employees.

Alteration in policy can be undertaken only with the approval of the Board of Directors.



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Dissemination

The Company's Remuneration Policy shall be published on its website.
