

NOMINATION AND REMUNERATION POLICY

1. INTRODUCTION

In pursuance of the Company's intent to consider its people as invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel and Senior Management Personnel of the Company, to harmonize the aspirations of its people consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulation, 2015 (as amended from time to time), this Policy on Nomination and Remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP) has been formulated by the Nomination and Remuneration Committee ("NRC") and approved by the Board of Directors of the Company.

2. OBJECTIVES OF THIS POLICY

This policy is framed with the following objectives.

- 2.1 **Selection** - To define criteria and terms and conditions with regard to identifying and selecting persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed as Key Managerial Personnel (KMP) and Senior Management Personnel (SMP).
- 2.2 **Remuneration** - To determine the level and structure of the remuneration to Directors, Key Managerial Personnel and Senior Management Personnel of the Company.
- 2.3 **Performance Evaluation** - To evaluate after duly fixing the appropriate criteria for evaluating the performance of Directors, Key Managerial Personnel and Senior Management Personnel of the Company.
- 2.4 **Learning** - To facilitate the process of continual learning of Directors, Key Managerial Personnel and Senior Management Personnel of the Company in line with the changing business needs.
- 2.5 **Separation** - To define criteria for removal of Directors, Key Managerial Personnel and Senior Management Personnel if and when the need arises.

3. DEFINITIONS

In this Policy unless the context otherwise requires:

- 3.1 "Act" means the Companies Act, 2013 and rules there under;
- 3.2 "Board of Directors" or "Board", in relation to the Company, means the collective body of the directors of the Company;
- 3.3 "Committee" means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board;
- 3.4 "Company" means Triton Valves Limited;
- 3.5 "Directors" means Directors of the Company;

3.6 “Manager” means an individual who, subject to the superintendence, control and direction of the Board of Directors, has the management of the whole, or substantially the whole, of the affairs of a Company, and includes a Director or any other person occupying the position of a manager, by whatever name called, whether under a contract of service or not.

3.7 “Independent Director” means a director referred to in Section 149 (6) of the Companies Act, 2013;

3.8 “Key Managerial Personnel” or “KMP” means Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and the Rules made there under. As per Section 203 of the Companies Act, 2013, the following are Key Managerial Personnel.

- i. Managing Director
- ii. Company Secretary
- iii. Chief Financial Officer

3.9 “Senior Management Personnel” or “SMP” means employees of the Company who are members of its core management team excluding the Board of Directors. This shall mean the following.

- i. Chief Operating Officer
- ii. Chief Human Resource Officer

3.10 “Nomination and Remuneration Committee” shall mean a Committee of the Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligation and Requirements) Regulations, 2015;

3.11 “Policy or This Policy” means, Nomination and Remuneration Policy;

3.12 “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.

4. GUIDING PRINCIPLES FOR CONSTITUTION OF NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee will consist of three or more Non-Executive Directors, out of which at least one-half shall be Independent Director(s), provided that chairperson of the Company may be appointed as a member of this Committee but shall not chair such Committee.

The Committee will meet at such intervals as it deems fit to carry out the objectives set out in the Policy. A quorum of two members is required to be present for the proceedings to take place. The Committee members may attend the meeting physically or via permitted audio-visual mode, subject to the provisions of the applicable Regulations. The Committee shall have the authority to call such employees, senior officials and external persons as it deems fit. The Company Secretary shall act as the Secretary to the

Committee.

5. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR KMP AND SMP

5.1 Appointment criteria and qualifications

- i. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or SMP and recommend to the Board his or her appointment.
- ii. A person should possess the adequate qualifications, expertise and experience for the position to which he or she is considered for appointment. The Committee has the discretion to decide whether the qualification, expertise and experience possessed by the person is sufficient or satisfactory for the concerned position.
- iii. Appointment of Independent Directors is subject to the compliance with provisions of section 149 of the Companies Act, 2013, read with Schedule IV and rules there under.
- iv. 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 proposed resolution indicating the justification for extension of appointment beyond seventy years.

5.2 Term and Tenure

i. **Managing Director / Whole-time Director:**

The Company shall appoint or re-appoint any person as its Executive Director or, Managing Director or a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

ii. **Independent Director:**

Subject to the provisions of the applicable Regulations, an Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re- appointment on passing of a Special Resolution by the Company and disclosures of such appointment in the Board's report.

5.3 Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and SMP annually.

5.4 Disqualifications for appointment of directors

- a. Pursuant to section 164 of the Companies Act, 2013, a person shall not be eligible for appointment as a Director of a Company if:

- i. He is of unsound mind and stands so declared by a competent court;
- ii. He is an 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;

An order disqualifying him for appointment as a Director has been passed by a court or Tribunal and the order is in force;

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;

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

He has not complied with sub-section (3) of section 152.

b. No person who is or has been a Director of a Company which:

- i. Has not filed financial statements or annual returns for any continuous period of three financial years; or
- ii. 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 any 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 said Company fails to do so.

5.5 Removal

The Committee may recommend, to the Board with reasons recorded in writing, the removal of a Director, KMP or SMP subject to the provisions of the Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.

5.6 Retirement

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

6. POLICY RELATING TO THE REMUNERATION AND PERQUISITES FOR WHOLE-TIME DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL

- i. The remuneration/compensation/profit-linked commission etc., to the Whole-time Directors, Directors and Independent Directors will be determined by the Committee and recommended to the Board for approval. The remuneration/compensation/profit-linked commission etc., shall be in accordance with the conditions laid down in the Articles of Association of the Company, Act and shall be subject to the prior/post approval of the Shareholders of the Company and the Central Government, wherever required.
- ii. With regard to the remuneration of Key Managerial Personnel and Senior Management Personnel, the Committee shall ratify the recommendations of the Managing Director.
- iii. Where any insurance is taken by the Company on behalf of its Whole-Time Director, Chief Executive Officer, Chief Financial Officer, Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

7. REMUNERATION OF WHOLE-TIME DIRECTORS

i. Remuneration

Whole-time Directors shall be eligible for remuneration as may be approved by the Shareholders of the Company on the recommendation of the Committee and the Board of Directors. The break-up of the pay scale, performance bonus and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and shall be within the overall remuneration approved by the shareholders and Central Government, wherever required.

ii. Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of the Companies Act, 2013 and if it is not able to comply with such provisions, then with the previous approval of the Central Government.

iii. Provisions for excess remuneration

If any Whole-time Director 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.

8. REMUNERATION TO NON-EXECUTIVE AND INDEPENDENT DIRECTORS

Remuneration, Commission and Sitting Fees

The Non-executive Independent Directors and Non-executive Non Independent Directors of the Company shall be paid sitting fees as per the applicable Laws and Regulations and no sitting fee is paid to Executive Non Independent Directors. The quantum of sitting fees will be determined as per the recommendation of Nomination and Remuneration Committee and approved by the Board of Directors of the Company.

9. REMUNERATION TO KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL

The KMP and SMP of the Company shall be paid monthly remuneration as per the Company's HR policies. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc., shall be as per the Company's HR policies.

The Committee shall ratify the recommendations of the Managing Director in respect of any and every matter related to the remuneration, evaluation, performance linked incentives, bonus, etc., with regard to all Key Managerial Personnel (KMP) and Senior Management Personnel (SMP) unless required under relevant regulations, to refer the same to the Board of Directors and / or Shareholders of the Company.

10. DISCLOSURES IN BOARD'S REPORT

10.1 Unless otherwise provided under the Regulations, The following disclosures shall form part of Annual Report of the Company by way of Board's report:

- i. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year.
- ii. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.
- iii. The percentage increase in the median remuneration of employees in the financial year.
- iv. The number of permanent employees on the rolls of Company.
- v. The explanation on the relationship between average increase in remuneration and Company performance.
- vi. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company.
- vii. Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year.
- viii. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison

with the percentile increase in the managerial remuneration and justification thereof, pointing out if there are any exceptional circumstances for increase in the managerial remuneration.

- ix. Comparison of remuneration of each of the Key Managerial Personnel against the performance of the Company.
- x. The key parameters for any variable component of remuneration availed by the Directors.
- xi. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; and
- xii. Affirmation that the remuneration is as per the remuneration policy of the Company.

Explanation: For the purposes of this clause:

- i. The expression "median" means the numerical value separating the higher half of a population from the lower half and the median of a finite list of numbers may be found by arranging all the observations from lowest value to highest value and picking the middle one;
- ii. If there is an even number of observations, the median shall be the average of the two middle values

10.2 Unless otherwise provided under the Regulations, the Board's report shall also include a statement showing the name of every employee of the Company, who:

- i. If employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty lakh rupees;
- ii. If employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than five lakh rupees per month;
- iii. If employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director or Whole-Time Director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company.

10.3 The statement referred to in sub-clause (2) shall also indicate

- i. Designation of the employee;
- ii. Remuneration received;
- iii. Nature of employment, whether contractual or otherwise;
- iv. Qualifications and experience of the employee;
- v. Date of commencement of employment;
- vi. The age of such employee;
- vii. The last employment held by such employee before joining the Company;
- viii. The percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub-clause (2) above; and
- ix. Whether any such employee is a relative of any Director or manager of the Company and if so, name of such Director or manager:

Provided that the particulars of employees posted and working in a country outside India, not being Directors or their relatives, drawing more than sixty lakh rupees per financial year or five lakh rupees per month, as the case may be, as may be decided by the Board, shall not be circulated to the members in the Board's report, but such particulars shall be filed with the Registrar of Companies while filing the financial statement and Board Reports.

10.4 In addition to the disclosures required under the Companies Act, 2013, the following disclosures on the remuneration of directors shall be made in the section on the corporate governance of the Annual Report:

- i. All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc.
- ii. Details of fixed component and performance linked incentives, along with the performance criteria
- iii. Service contracts, notice period, severance fees.
- iv. Stock option details, if any - And whether issued at a discount as well as the period over which accrued and over which exercisable.

10.5 The Company shall publish its criteria of making payments to Non-Executive Directors in its annual report. Alternatively, this may be put up on the Company's website and reference drawn thereto in the annual report.

10.6 The Company shall disclose the number of shares and convertible instruments held by Non- Executive Directors in the annual report. All pecuniary relationship or transactions of the Non- Executive Directors vis-à-vis the Company shall be disclosed in the Annual Report.

10.7 Non-Executive Directors shall be required to disclose their shareholding (Both own or held by / for other persons on a beneficial basis) in the listed company in which they are proposed to be appointed as Directors, prior to their appointment. These details should be disclosed in the notice to the general meeting called for appointment of such Director.

11. DISSEMINATION

The details of the Policy and the evaluation criteria as applicable shall be published on Company's website and accordingly disclosed in the Annual Report as part of Board's report therein.

12. AMENDMENTS

Any or all the provisions of this policy are subject to revision/modification by the Committee, as may be required.

**Amended provisions as per the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.*
