

# 2015-16

## ANNUAL **REPORT**

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## Certifications



At OBL, we believe in the religion of excellence and our customers look to us with the anticipation that our next move will yield another inspired more stunning creation. It is not surprising that such devotion has earned us not only the patronage of our customers but also the accreditation of ISO 9001:2008 for our quality control management systems. Our manufacturing units employ the latest technology to manufacture products that adhere to international standards. We strive to raise our own benchmark, thus meeting the demands of both aesthetic appeal and durable functionality of our customers.

Our manufacturing units are also certified in accordance with ISO 14001:2004 International standard, the most complete and global expression for an environment friendly industrial company. In May 2000, OBL was awarded the prestigious ISO 14001 certification by the internationally recognized BSI Management Systems, U.K.

# Corporate information

## BOARD OF DIRECTORS

Mr. Mahendra K. Daga, Chairman & Managing Director  
 Mr. Madhur Daga, Joint Managing Director  
 Mr. K.M. Pai, Executive Director & Chief Financial Officer  
 Mr. N.R. Srinivasan  
 Mr. P.M. Mathai  
 Mr. R.N. Bansal  
 Ms. Tanuja Joshi

## AUDIT COMMITTEE

Mr. R.N. Bansal (Chairman)  
 Mr. Mahendra K. Daga  
 Mr. K.M. Pai  
 Mr. N.R. Srinivasan  
 Mr. P.M. Mathai

## STAKEHOLDERS RELATIONSHIP AND GRIEVANCE COMMITTEE

Mr. N.R. Srinivasan (Chairman)  
 Mr. Mahendra K. Daga  
 Mr. Madhur Daga

## NOMINATION AND REMUNERATION COMMITTEE

Mr. N.R. Srinivasan (Chairman)  
 Mr. R.N. Bansal  
 Mr. P.M. Mathai

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Madhur Daga (Chairman)  
 Mr. K.M. Pai  
 Mr. N.R. Srinivasan  
 Mr. R.N. Bansal  
 Ms. Tanuja Joshi

## COMPENSATION COMMITTEE

Mr. Madhur Daga  
 Mr. P.M. Mathai  
 Mr. N.R. Srinivasan  
 Mr. R.N. Bansal

## COMPANY SECRETARY & HEAD-LEGAL

Mr. Yogesh Mendiratta

## STATUTORY AUDITORS

M/s S.R. Dinodia & Co. LLP, New Delhi

## BANKERS / LENDERS

State Bank of India  
 Punjab National Bank  
 Axis Bank  
 IndusInd Bank  
 IDBI Bank  
 Export Import Bank of India  
 Tata Capital Financial Services Limited

## SHARE TRANSFER AGENT

M/s MCS Share Transfer Agent Limited  
 F-65, Okhla Industrial Area, Phase-I,  
 New Delhi – 110 020  
 Tel: +91 11 41406149-52

## REGISTERED OFFICE

8, Industrial Area, Sikandrabad – 203 205  
 Distt. Bulandshahr (U.P.)  
 Tel : +91 5735 222203/22424, +91 8191004575 / 76  
 Fax : +91 5735 222642

## CORPORATE OFFICE

IRIS House, 16, Business Centre,  
 Nangal Raya, New Delhi – 110 046  
 Tel : +91 11 47119100  
 Fax : +91 11 28521273

## PLANTS

1. Industrial Area  
Sikandrabad,  
Bulandshahr (U.P.)
2. Village Dora, Taluka Amod,  
Dist. Bharuch – 392230, Gujarat.
3. Village Chokkahalli,  
Taluka Hoskote,  
Bengaluru (Rural)- 562114  
Karnataka

CIN: L14101UP1977PLC021546

# BOARD'S REPORT

*Dear Members,*

Your Directors take pleasure in presenting the Thirty Ninth Annual Report and the audited accounts for the financial year ended March 31, 2016.

## Financial Results

(₹ in lakhs)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015*
Gross Income	75,967.14	75,458.72
Profit before finance cost, depreciation, taxation and exceptional item	4,886.06	4,870.51
Finance Cost	1,880.90	2,068.03
Depreciation	1,707.82	1,776.01
Exceptional Item (Loss on sale of investment in Subsidiary)	--	1.32
Profit before taxation	1,297.33	1,025.15
Tax expense	652.93	546.78
Profit after tax	644.40	478.37
Earning per share (₹)	4.43	3.50

\*regrouped

## Operations and Business Review

The fiscal 2015-16 registered a growth of 27% in the Profit before tax from ₹ 1,025 Lakhs in the previous year to ₹ 1,297 Lakhs in the current year. The gross income during the FY 2015-16 shown a marginal increase from ₹ 75,459 Lakhs in the previous year to ₹ 75,967 Lakhs in the current year. The Gross Income, however, increased marginally, the primary factor for above said increase in Profits is savings made in fuel and raw material costs. Your Company aims to substantially enhance product display across the Country through its owned Tile boutiques known as Orient Bell Tile Boutiques ("OBTB"). Your Company is undertaking several exciting new product developments. The designing team is constantly bringing innovative décor solutions. Every function of your Company has taken up productivity enhancement programmes to improve the overall performance of the Company.

There are several positive things that have happened during the year under review. The visibility of your Company among channel partners and customers has improved due to various branding activities across the Country. Your Company has showcased and produced several innovative and decorative designs in all sizes. "Glitter series" and the new 600x600 mm designs have elicited excellent response from the market. The new offerings in Wall Tiles, Double Charge and PGVT/DGVT have also been liked very well. The supply chain and logistics are today in excellent health and we are now geared up to ship customer orders with minimum delays and hold ups.

During the year under review, your Company has participated in the equity of one tile manufacturer in Morbi, Gujarat, the production from which has started in Q4 of FY 2015-16. This

arrangement will ensure easy and smooth supply of vitrified tiles from Western Region in sufficient quantity to cater to the needs of Western and Southern Regions at most competitive prices.

During the year under review, your Company has lined up systems and resources to strengthen and enhance sales of High Value Products in Government (GPS) and Private (PPS) Projects. Your Company's efforts in getting product approvals, architect and influencer visits, mapping projects in both government and private sector and their monitoring have started showing results. Your Company has represented itself before various GPS and PPS Projects and successfully got its brand "ORIENTBELL" approved and listed with many Government Departments and PSUs. A few of such Departments and PSUs include CPWD, State PWD, Military Engineer Services (MES), State Housing Boards, State Police Housing Boards, State tourism, Airports Authority of India, NTPC, NBCC, Engineers India Limited, Chennai Metro, Prasar Bharti etc. Your Company has also bagged orders from prestigious Private Projects like Supertech, Simplex, Nagarjuna Construction Company, Ansals, L&T, DLF, Experion, Ajnara, Parsvnath etc. Your Company strives to achieve higher Average Selling Price (ASP) by continuously changing the product mix in favour of High Value Products.

## Dividend

For the year under review, your Directors have recommended a dividend of ₹ 0.50 per equity share for the financial year ended March 31, 2016. The total outgo of dividend (inclusive of tax of ₹ 14.25 lakhs) would amount to ₹ 84.26 lakhs as against ₹ 83.14 lakhs in the previous year. The dividend payout is subject to approval of members at the ensuing Annual General Meeting.

## Particulars of Loans, Guarantees or Investments

Loans, Guarantees and Investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report.

## Public Deposits

Your Company has neither invited nor accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

## Transfer to Reserves

We propose to transfer ₹ 70,24,946/- to Securities Premium and ₹ 68,66,168/- from Revaluation Reserve to General Reserve and ₹ 2,43,195/- from Employee Stock Option Reserve to General Reserve.

## Particulars of Contracts or Arrangements made with Related Parties

All Related Party Transactions entered during the year were in the ordinary course of business and on arm's length basis. No material Related Party Transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements were entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions to be provided under section 134(3)(h) of the Companies Act, 2013 in form AOC-2 is not applicable.

## Directors and Key Managerial Personnel

During the year under review Mr. Dhruv M. Sawhney's term of office as Independent Director of the Company ended on 29.09.2015. Ms. Tanuja Joshi's appointment as Independent-Non Executive Director for a five year period ending on 02<sup>nd</sup> November, 2019 was approved by the shareholders at the 38<sup>th</sup> AGM.

The second term of appointment of Mr. N.R. Srinivasan as an Independent Director will expire on 29<sup>th</sup> September, 2016 and therefore he shall retire on that date in terms of Section 149 (11) of the Companies Act, 2013. His outstanding contribution and support is appreciated by the Board of Directors.

The first term of appointment of Mr. R.N. Bansal shall expire on 29<sup>th</sup> September, 2016. Mr. Bansal has given his consent to act as Independent director for a further term of two years from 30<sup>th</sup> September, 2016 to 29<sup>th</sup> September, 2018.

The Board of Directors has, on recommendation of Nomination and Remuneration Committee and subject to the approval of Shareholders, in its meeting held on 27<sup>th</sup> July, 2016 appointed Mr. Sameer Kamboj as an Additional Director in the category of Independent Director of the Company to hold office up to the forthcoming Annual General Meeting. The said Committee and the Board have in their respective meetings held on 27<sup>th</sup> July, 2016 subject to the approval of shareholders, recommended the appointment of Mr. Sameer Kamboj as Independent Director for a period upto 26<sup>th</sup> July, 2021.

All Independent Directors have given their respective declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and SEBI (Listing

Obligations and Disclosure Requirements) Regulations, 2015.

Mr. K.M. Pai shall retire at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment. The present term of appointment of Mr. K.M. Pai as Whole time Director (designated as Executive Director and CFO) of the Company will end on 31<sup>st</sup> March, 2017. The Nomination and Remuneration Committee and the Board of Directors have, subject to the approval of the members vide special resolution at the ensuing Annual General Meeting and such other approvals as may be necessary in this regard, approved the reappointment and remuneration of Mr. K.M. Pai as Whole time Director (designated as Executive Director and CFO) of the Company for a further term of three years from 01<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2020.

The present term of Mr. Madhur Daga as Whole Time Director (designated as Joint Managing Director) of the Company will end on 30<sup>th</sup> September, 2016. The Nomination and Remuneration Committee and the Board of Directors have, subject to the approval of the members vide special resolution at the ensuing Annual General Meeting and such other approvals as may be necessary in this regard, approved the reappointment and remuneration of Mr. Madhur Daga as Whole Time Director (designated as Joint Managing Director) for a term of further period from 01<sup>st</sup> October, 2016 to 31<sup>st</sup> March, 2019.

In addition to the Sitting Fee, the Non-Executive Directors were also entitled for the Commission in terms of the authority granted by the shareholders at their Annual General Meeting held on 30.09.2015. However, the Non-Executive Directors have unanimously decided that no Commission be paid to them for the said Financial Year.

## Number of meetings of the Board

The Board met four times during the financial year, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013.

## Directors' Responsibility Statement

Pursuant to Section 134(3) (c) of the Companies Act, 2013, your Directors, to the best of their knowledge and belief and according to the information and explanations obtained by them, make the following statement:

- that in the preparation of annual accounts for the financial year ended March 31, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at March 31, 2016 and of the profit of your Company for the year ended on that date;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (d) that the accounts for the financial year ended March 31, 2016 have been prepared on a 'going concern' basis;
- (e) that internal financial controls were in place and that such internal financial controls were adequate and were operating effectively;
- (f) that proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

### Audit Committee

The Board of Directors has in its meeting held on 27<sup>th</sup> July, 2016 reconstituted the Audit Committee. The Audit Committee comprises of three Independent Directors namely Mr. R.N. Bansal (Chairman), Mr. P.M. Mathai (Member) and Mr. Sameer Kamboj (Member) and two Non Independent- Executive Directors namely Mr. Mahendra K. Daga (Member) and Mr. K.M. Pai (Member). All the recommendations made by the Audit Committee were accepted by the Board.

### Remuneration Policy

The Policy of the Company on Director's appointment and remuneration, specifying criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub section (3) of section 178 of the Companies Act, 2013, adopted by the Board, is appended as **Annexure 1 to the Board's Report**. We affirm that the remuneration paid to the Directors is as per the terms laid under in the Nomination & Remuneration Policy of the Company.

### Risk Management Policy

Pursuant to the requirement of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formed a Risk Management Policy. This policy seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The policy defines the risk management approach across the enterprise at various levels including documentation and reporting.

The Risk Management Policy as approved by the Board is uploaded on the Company's website at [www.oblcorp.com](http://www.oblcorp.com).

### Internal Financial Controls

The Company has in place adequate policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

### Vigil Mechanism cum Whistle Blower Policy

The Company has formulated a Vigil Mechanism cum Whistle Blower Policy to deal with the instances of unethical behavior, actual or suspected, fraud or violation of the Company's Code of Conduct. It provides for a mechanism for Directors and Employees of the Company to approach the Chairman of the Audit Committee of the Company or the Director nominated to play the role of Audit Committee as the case may be, in exceptional cases to report such cases. The Vigil Mechanism cum Whistle Blower Policy of the Company is uploaded on the Company's website at [www.oblcorp.com](http://www.oblcorp.com).

### Corporate Social Responsibility

The Board of Directors has in its meeting held on 27<sup>th</sup> July, 2016 reconstituted the Corporate Social Responsibility Committee. The Corporate Social Responsibility Committee comprises Mr. Madhur Daga (Chairman), Mr. R.N. Bansal, Ms. Tanuja Joshi & Mr. Sameer Kamboj (Members). The Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy may be accessed on the Company's website at [www.oblcorp.com](http://www.oblcorp.com).

The CSR activities, as per the provisions of the Companies Act, 2013, may also be undertaken through a Registered Trust. The Company is undertaking the CSR activities also through M/s Godavari Foundation, a Trust registered under Section 12A of the Income Tax Act, 1961 (registration no. DIT(E) 268-69/8E/196/90-91) as already approved by CSR Committee.

The Company undertakes CSR initiatives in compliance with Schedule VII to the Companies Act, 2013.

During the year, the Company has spent ₹ 17,50,000/- (around 2% of the average net profits of last three financial years) on CSR activities.

The Annual Report on CSR activities is appended as **Annexure 2 to the Board's Report**.

### Code for prevention of Insider Trading Practices

In accordance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, your Company has formulated and adopted 'Code of Conduct for prevention of Insider Trading' and 'Code of practices and procedures for fair disclosure of Unpublished Price Sensitive Information' (hereinafter collectively referred to as "OBL Code of Conduct"). The OBL Code of Conduct is uploaded on the website of the company [www.oblcorp.com](http://www.oblcorp.com).

### Information pursuant to Section 134(3)(m) of the Companies Act, 2013

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under section 134(3)(m) of the Companies Act, 2013 read with rule 8 of the Companies (Accounts) Rules, 2014 is appended as **Annexure 3 to the Board's Report**.

### Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual evaluation of its own performance and that of its Committees as well as performance of the Directors individually. Feedback was sought covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance and the evaluation was carried out based on responses received from the Directors.

A separate exercise was carried out by the Nomination and Remuneration Committee of the Board to evaluate the performance of individual Directors. The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Chairman of the Company was also carried



out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

### Employee Stock Option Scheme

As required under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Companies (Share Capital and Debentures) Rules, 2014, the applicable disclosures as on 31<sup>st</sup> March, 2016 are appended as **Annexure 4 to the Board's Report**.

Relevant disclosures in terms of the "Guidance Note on Accounting for Employee Share-based Payments" issued by ICAI has been made in the notes to Accounts attached to the Annual Report.

There is no material change in the Employee Stock Option Scheme during the financial year under review and the scheme is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

### Management Discussion and Analysis Report

'Management Discussion and Analysis Report', as stipulated under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forming part of this report, has been given under separate section in the Annual Report.

### Corporate Governance Report

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on corporate governance report as on 31<sup>st</sup> March, 2016 together with a certificate for compliance of the provisions of Corporate Governance issued by Statutory Auditors as on that date forms an integral part of this Report.

### Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9 is appended as **Annexure 5 to the Board's Report**.

### Subsidiary Company

The Company has no Subsidiary Company.

### Particulars of Employees

The information as per Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 will be provided upon request. However, as per the provisions of Section 136 of the Act, the Report and Accounts are being sent to all the members excluding the information on particulars of employees which is available for inspection by the members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. Any member interested in obtaining a copy thereof, may write to the Company Secretary in this regard.

### Auditors

#### Statutory Auditors

M/s S. R. Dinodia & Co. LLP, Chartered Accountants, New Delhi Statutory Auditors of your Company hold office till the conclusion of ensuing Annual General Meeting and being eligible, offer themselves for reappointment. The Company has received a letter from M/s S.R. Dinodia & Co. LLP, confirming that their appointment, if made, would be within the limits prescribed

under section 139 and 141 of the Companies Act, 2013 and that they are not disqualified for re-appointment.

The Board of Directors recommends the re-appointment of M/s S.R. Dinodia & Co. LLP as Statutory Auditors from the conclusion of ensuing Annual General Meeting till the conclusion of 40<sup>th</sup> Annual General Meeting in accordance with the provisions of Section 139 of the Companies Act, 2013 and rules there under.

#### Auditors' Report

The Auditor's Report read with notes to the accounts referred to in the Auditor Report are self-explanatory and therefore do not call for any further comments. The Auditor's Report does not contain any qualification, reservation or adverse remark.

#### Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Vivek Arora, Company Secretaries in practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is appended as **Annexure 6 to the Board's Report**. There is no qualification, reservation or adverse remark or disclaimer made by the Company Secretary in Practice in his Secretarial Audit Report for the Financial Year 2015-16.

### Material changes and commitments affecting financial position of the Company occurred between the end of the financial year and date of report.

There is no such change and/or commitment held between the end of the financial year and the date of report.

### General

The Company has a Policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace and matters connected therewith or incidental thereto covering all the aspects as contained under the "The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013". Your Directors further states that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

### Acknowledgement

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from Bankers, Government Departments, dealers, project customers, vendors, Shareholders and other Business Associates for their continued and valuable co-operation & support extended to the Company. We take this opportunity to place on record our warm appreciation for the employees at all levels for their dedicated services and valuable contributions towards the growth of the Company.

On behalf of the Board

Place : New Delhi  
Date : 27<sup>th</sup> July, 2016

**Mahendra K. Daga**  
Chairman & Managing Director

# ANNEXURE – 1 TO BOARD'S REPORT

## NOMINATION AND REMUNERATION (AMENDED) POLICY, 2015

### 1. Introduction

As mandated by the statutory provisions contained under section 178 of the Companies Act, 2013 and the Listing Agreement with Stock Exchanges, Nomination & Remuneration Committee of the Company has formulated this policy and on its recommendation the Board of Directors has approved the same vide Board Resolution dated 03rd November, 2014. This policy contains guidelines on nomination and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel of the Company. This policy may be treated as a benchmark for determining the qualifications, positive attributes and independence of a Director, criteria for evaluation of Independent Directors and the Board, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel and Senior Management Personnel of the Company.

### 2. Objective

- i. To formulate the eligibility criteria for determining qualifications, positive attributes, and independence of a Director and to formulate the criteria for evaluating Directors and Senior Management;
- ii. To identify and select for Board's consideration the persons who are qualified to become directors and who may be appointed in senior management in accordance with criteria laid down;
- iii. To carry out the evaluation of Directors, Key Managerial Personnel and Senior Management of the Company and to provide them rewards linked directly to their efforts, performance, dedication and achievement relating to the Company's operations;
- iv. To determine the remuneration taking into account parameters like financial position of the Company, industry size, company size and general practice on remuneration payout in the Tile Industry;
- v. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage; and
- vi. To lay down criteria for appointment, removal of directors, Key Managerial Personnel and Senior Management Personnel and evaluation of their performance.

### 3. Effective Date

This policy shall be effective from 01st April, 2014.

### 4. Definitions

In this Policy unless the context otherwise requires:

- i. 'Act' means Companies Act, 2013 and rules made there under.
- ii. 'Board of Directors' or 'Board', in relation to the Company, means the collective body of the directors of the Company.
- iii. 'Committee' means Nomination and Remuneration Committee of the Company as constituted or re-constituted by the Board.

- iv. 'Company' means Orient Bell Limited.
- v. 'Directors' means Directors of the Company.
- vi. 'Independent Director' means a director referred to in Section 149 (6) of the Companies Act, 2013.
- vii. 'Key Managerial Personnel' (KMP) means:
  - a. Chief Executive Officer and / or Managing Director
  - b. Whole-time Director
  - c. Chief Financial Officer
  - d. Company Secretary
  - e. Such other officer as may be prescribed under the applicable statutory provisions/ regulations.
- viii. 'Senior Management Personnel' for this purpose shall mean employees of the company occupying the position of Functional / Department Heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

### 5. Nomination and Remuneration Committee

The Board has on 24.04.2014, in compliance with the provisions of Section 178 of the Companies Act, 2013 and applicable provisions of Listing Agreement, changed the name of the existing Remuneration committee to Nomination and Remuneration Committee and re-constituted the same to include the members as under:

- (i) Mr. N.R. Srinivasan – Chairman
- (ii) Mr. P.M. Mathai
- (iii) Mr. R.N. Bansal

The Committee shall function in accordance with the statutory provisions laid down from time to time. The Board has the power to reconstitute the Committee consistent with the Company's Policy and applicable statutory requirements.

### 6. Applicability

This policy is applicable to:

- (i) Directors (Whole Time as well as Non Whole Time)
- (ii) Key Managerial Personnel
- (iii) Senior Management

### 7. Appointment of Director, KMP and Senior Management

- i. 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 on the basis of criteria laid down from time to time.
- ii. 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 is sufficient / satisfactory for the concerned position.



- iii. Appointment of Independent Directors is subject to compliance of 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 motion indicating the justification for extension of appointment beyond seventy years.

## 8. Term/ Tenure of Appointment

### a) Managing Director/ Whole Time Director

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

### b) Independent Director

An Independent Director shall hold office for such term which should not exceed a maximum of five consecutive years on the Board of the Company, as may be recommended by the Committee and approved by the Board and shareholders and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed Company or such prescribed period by the Statutory Authority from time to time.

## 9. Evaluation

The Committee shall carry out evaluation of performance of every Director at regular interval (yearly). The criteria of such an evaluation may be considered as under:

### a) Non Whole Time Directors except Nominee Directors:

- i. Attendance in the Board and/or Committee meetings.
- ii. Positive attitude and promptness.
- iii. Contribution in improving financial and other functions of the Company.
- iv. Inputs on inclusion of matters to be discussed at Board Meetings to improvise the operating procedures.
- v. Understanding of laws having impact on Company's business and Tile industry as a whole.
- vi. Clear sense of values and integrity.

### b) Whole Time Directors:

In addition to the criteria mentioned above the following may also be considered as additional parameters for evaluation of performance of Whole Time Directors:

- i. Implementation of policies and procedures as set out by the Board.
- ii. Efforts in promoting and expanding the business.
- iii. Brand Building and establishing a respectable place in the market.
- iv. Controlling of various functions across the Company and ensuring their proper functioning.
- v. Ensuring smooth business operations across all the units of Company.
- vi. Clear sense of values and integrity.

### c) Senior Management:

The parameters of the assessment will be the same as applicable to the Whole Time Directors but in the case of Senior Management, their Key Result Areas (KRA's) may be different based on the uniqueness and domain responsibility of the function. The 360 degree Performance Management System (PMS) adopted by the Company is also applicable to Senior Management. Their Competencies include:

- i. Achievement of Goals / KRA's assigned to him/her;
- ii. Demonstrated understanding of his/her area of operation;
- iii. Integrity;
- iv. Credibility;
- v. Excellent communication skills;
- vi. Competence;
- vii. Leadership;
- viii. Pro-active;
- ix. Quality decision making.

## 10. Removal

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

## 11. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and rules made there under 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.

## 12. Provisions regarding payment of Remuneration, perquisites to the Managing Director/Wholetime Directors, KMP and Senior Management Personnel

### a) General Provisions

- i. The remuneration / perquisites / commission etc. to the Managing Director/ Whole-time Directors, KMP and Senior Management Personnel will be determined

by the Committee and recommended to the Board for approval.

- ii. The remuneration / perquisite/ commission etc. shall be in accordance with the percentage / slabs / conditions laid down in the Companies Act, 2013 and shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required.
- iii. Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managing Director/ Whole Time Directors. The decision of the Committee as to increment shall be final.
- iv. Where any insurance is taken by the Company on behalf of its Managing Director/ Whole-time Directors, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying any of them against any liability in respect of a deed for which they may be held guilty in relation to the Company, 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.

**b) Remuneration to the Managing Director/Whole-time Directors, KMP and Senior Management Personnel Remuneration**

The Managing Director/ 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 / commission 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.

**Minimum Remuneration**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director/ 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.

**Provisions for Excess Remuneration**

If Managing Director/ 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.

**c) Remuneration to Non Whole Time Director (including Independent Director) Sitting Fees**

The Non Whole Time Directors (Including Independent

Directors) of the Company shall be paid sitting fees as per the approval of the Board of Directors from time to time. The quantum of sitting fees will be determined on the recommendation of Nomination and Remuneration Committee and approval of the Board of Directors of the Company from time to time subject to the relevant provisions contained under Companies Act, 2013 and applicable rules made there under.

**Profit Linked Commission**

The Non Whole Time Directors (Including Independent Directors) of the Company may be paid profit-linked Commission within the monetary limit as may be recommended by the Board of Directors from time to time and also approved by the shareholders of the Company and by the Central Government, wherever required.

**Stock Options**

Pursuant to the provisions of the Act, an Independent Director shall not be entitled to any stock option of the Company.

**Insurance**

Where any insurance is taken by the Company on behalf of its Non Whole Time Directors (including independent directors) for indemnifying any of them against any liability in respect of a deed for which they may be held guilty in relation to the Company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such Non Whole Time Directors (including independent directors).

**d) Remuneration to KMP and Senior Management Personnel**

The KMP and Senior Management Personnel of the Company shall be paid monthly remuneration as per their appointment terms, Increment Letters and Company's HR policies. The Committee may direct restructure of their Salary in such manner as it may deem fit and proper.

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 KMP and Senior Management Personnel may also be issued Employees Stock Options to reward them for their performance and to motivate and retain them.

**13. Amendments to the Policy**

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant Statutory authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

On behalf of the Board

Place : New Delhi  
Date : 13<sup>th</sup> August, 2015

**Madhur Daga**  
Joint Managing Director