

NOMINATION AND REMUNERATION POLICY

[Pursuant to Companies Act 2013 & SEBI (LODR) Regulations 2015]

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3		
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CONTENT:

Sr. No.	Particulars	Page No.
1	Preamble	4
2	Objectives	4
3	Definitions	4
4	Applicability	5
5	Criteria and Qualification for appointment as Director / KMP / Senior Management Personnel of The Company	5
6	Term/Tenure	5
7	Retirement	6
8	Removal	6
9	Structure of Remuneration for the Managing Director, Key Managerial Personnel and Senior Management Personnel	6
10	Evaluation	7

1. PREAMBLE:

Section 178 of The Companies Act, 2013 requires the Company to formulate the criteria for determining, qualifications, positive attributes and independence of directors. The Company is also required to adopt a policy, relating to the remuneration for the directors, key managerial personnel and other employees. In addition, Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires listed companies to develop a policy on Board diversity, remuneration and evaluation criteria.

This Nomination and Remuneration Policy (NR Policy) has been formulated, Inter alia, for nomination and remuneration of Directors, Key Managerial Personnel (KMP) and other Senior Managerial Personnel of Sahyadri Industries Limited, in accordance with the requirements of the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. OBJECTIVES:

- To identify persons who are qualified to become directors and who may be appointed as KMP or senior managerial personnel in accordance with the criteria laid down, recommend to the Board their appointment and removal.
- To formulate the criteria for determining qualifications, positive attributes and independence of a director.
- To recommend to the Board a policy, relating to the remuneration of the directors, KMP and Senior Management Persons.
- To formulate the criteria to carry out evaluation of every director's performance.

3. DEFINITIONS:

3.1. “**Act**” means the Companies Act, 2013.

3.2. “**Board**” means Board of Directors of the Company.

3.3. “**Key Management Personnel (KMP)**” means Chief Executive Officer, Managing Director, Manager, Whole-time director, Chief Financial Officer, Company Secretary and such other officer as may be prescribed.

3.4. “**Senior Management**” means Officer / personnel of the listed entity who are members of its core management team excluding Board of Directors and normally this shall comprise all members of management one level below the Chief Executive Officer / Managing Director / Whole time Director / Manager in case they are not part of the board and shall specifically include company secretary and chief financial officer.

4. APPLICABILITY:

NR Policy is applicable to the Board, Key Management Personnel and Senior Management Personnel of the Company.

5. CRITERIA AND QUALIFICATION FOR APPOINTMENT AS DIRECTOR / KMP / SENIOR MANAGEMENT PERSONNEL OF THE COMPANY:

➤ **Director:**

Any person who in the opinion of the Board is not disqualified under section 164 of the Act and who possesses ability, integrity, relevant expertise and experience can be appointed as director of the Company.

➤ **Independent Director:**

Any person who is proposed to be appointed as Independent Director shall possess qualifications as stated in Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(b) of SEBI (LODR) Regulations 2015.

The Company shall take adequate declarations from prospective candidate about his eligibility.

➤ **KMP / Senior Management Personnel:**

The Company has prepared an 'Organization Chart' indicating office of KMPs, Senior Management Personnel and other positions. Each of the position has been identified with requisite qualifications and experience which commensurate with the size of Company's business and complexity of operations. The positions are filled in as per the requirements of the business.

6. TERM/TENURE:

➤ **Appointment of Managing Director:**

The Company shall appoint or re-appoint a person as its Managing Director or Executive Director for a term not exceeding (minimum-1 year maximum 5 years) at a time. No re- appointment shall be made earlier than one year before the expiry of term.

➤ **Appointment of Independent Director:**

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 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 companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

7. RETIREMENT:

The Director, KMP and Senior Management Personnel 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 or Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

8. REMOVAL:

Due to reasons of any disqualification mentioned in the Act or under any other applicable law, rules and regulations thereunder, 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 and compliance of the said law, Act, rules and regulations.

9. STRUCTURE OF REMUNERATION FOR THE MANAGING DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL:

The Managing Director, KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendations of the Committee. The breakup of the pay scale and quantum of perquisites etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendations of the Committee and also approved by the shareholders, wherever required.

The total fixed salary should be fair and reasonable after taking into account scope of duties, the role and nature of responsibilities, level of skill, knowledge and experience of individual, Company's performance and growth, market trend, etc.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director or Whole time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Shareholders.

If Managing Director or Whole time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior approval required under this section, 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 necessary prior permissions/approvals were obtained as per applicable provisions of the relevant acts or laws.

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed as may be prescribed.

10.EVALUATION:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel for each financial year. The Committee shall present its findings to the Board.

-----*End of the Policy*-----