

Nomination, Remuneration & Evolution Policy



Sharda Motor industries Limited

Regd. Off: D- 188, Okhla Industrial Area,

Phase I, New Delhi -110020

CIN: L74899DL1986PLC023202

NOMINATION, REMUNERATION AND EVALUATION POLICY

1. INTRODUCTION

In pursuance of the Company's policy to consider human resources as its invaluable assets and also in terms of provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (Listing Regulations) as amended from time to time, this policy on nomination, remuneration and evaluation of Directors, Key Managerial Personnel (KMPs) and other employees of the Company has been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors. This policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the appointment remuneration, evaluation and removal of the Directors, Key Managerial Personnel and other employees of the company.

2. DEFINITIONS

- **“Board”** means Board of Directors of the Company
- **“Directors”** means Directors of the Company
- **“Committee”** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- **“Company”** means Sharda Motor Industries Limited
- **“Independent Director”** means a director referred to in Section 149 (6) of the Companies Act, 2013 read with provisions of the Listing Agreement.
- **“Key Managerial Personnel (KMP)”** means –
Managing Director, Chief Financial Officer, Company Secretary and such other persons, as may be designated by the Board or prescribed under the applicable statutory provisions/ regulations.
- **“Senior Management”** means employee of the Company who are members of its core management team excluding Board of Directors, comprising all members of management one level below the CEO/MD/WTD, including functional heads and also include Chief Financial Officer and Company Secretary.

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

3. OBJECTIVE AND PURPOSE OF THE POLICY

The objective and purpose of this policy are:

- To formulate the criteria for determining Qualifications, Positive attributes and Independence of a Director and Key Managerial Personnel.
- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To formulate the criteria for carrying out performance evaluation of the Board, its Committees and individual directors and review and its implementation and compliance.
- To develop a succession plan and ensure Board diversity.
- To determine remuneration based on Company's size and financial position and trends and

practices on remuneration prevailing in the Industry.

- To provide Directors, Key Managerial Personnel and Senior Managers reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
4. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage

APPLICABILITY

The Policy is applicable to:

1. Directors (Executive and Non-Executive)
2. Key Managerial Personnel
3. Senior Management Personnel
4. Other employees

ROLE AND RESPONSIBILITY

The Committees foremost priorities are to ensure that the Company has the best possible leadership and maintains a clear plan for both Executive and Non-Executive Directors' succession. The Committee shall also review Senior Management succession. Its prime focus will, therefore, be on the strength of the Board and the Senior Management Team and ensuring that appointments are made on merit, against objective criteria, selecting the best candidate for the post. The Committee shall advise the Board on the appointments, retirements and resignations from the Board and its Committees. It shall also advise the Board on similar changes to the Senior Management of the Company.

- When considering appointments to the Board and its Committees, the Nomination and Remuneration Committee shall draw up a specification for the role taking into consideration the balance of skills, knowledge and experience of its existing members, the diversity of the Board and the Company's ongoing requirements. The Company believes that diversity underpins the successful operation on an effective Board and embraces diversity as a means of enhancing the business.

POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT APPOINTMENT:

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director or KMPs and recommend to the Board his/ her appointment.
- Managing Director will be selected by ascertaining the integrity, qualification, Expertise, attitude and experience of the candidate and his appointment shall be governed by the applicable law(s) for the time being in force.
- The Candidate for a position at KMP (except Managing Director) or Senior Management level should be selected by assessment of the candidate on his/ her functional and leadership capabilities and cultural fitment to the Company. It needs to be ensured that the person possesses adequate qualification, expertise, proper attitude and experience for the position he/she is considered for appointment.
- The Managing Director shall assess the shortlisted the candidates based on relevant industrial expertise for the position of KMP (except Managing Director) or Senior Management Level.
- The selected candidate's details and the proposed compensation will be shared with the Nomination and Remuneration Committee for their review and suggestions and appointment

of the final candidate's shall be recommend to the Board by the Committee, for their approval.

TERM / TENURE:

- The tenure for Directors shall be governed by the terms defined in the Companies Act, 2013 and Listing Regulations.
- The tenure for KMPs (excluding MD/Executive Director/whole-time Director), Senior Management Personnel and other employees will be governed by Company's HR Policy

EVALUATION:

- The performance evaluation of all Directors of the Company including Independent Directors shall be done by the Board, excluding the Director being evaluated based on the criteria determined by the Committee.
- The performance evaluation of Non-Independent Directors, Chairman/ Co-Chairman of the Company and the Board as whole shall be done by the Independent Directors in their separate meeting also.
- The Managing Director shall perform the evaluation of performance of KMPs and Senior Management Personnel at regular intervals, mostly on the yearly basis based on the Key Performance Indictors.
- The independent external agency may also be hired / outsourced by the Board of Directors of the Company for conducting the performance evaluation of all Directors of the Company as per criteria laid on above points read with provisions of the Act and Listing Regulations.

REMOVAL:

- Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules or regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a director, subject to the provisions and compliance of the said Act, rules or regulations.
- For KMPs (excluding MD/Executive Director/whole-time Director), Senior Management Personnel or other employees, the removal will be governed by Company's HR Policy and applicable law(s) for the time being in force, if any.

RETIREMENT:

- Directors, KMPs or Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013, Listing Regulations and the prevailing policy of the Company.
- The Managing Director may retain any KMP, Senior Management Personnel or any other employee in the same position/ remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

POLICY RELATING TO THE REMUNERATION FOR THE WHOLE –TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

The level and structure of the remuneration should be reasonable and sufficient to attract, retain and motivate the directors, KMPs, Senior Management Personnel and other employees for successfully running the Company. The remuneration to directors, KMPs and Senior Management should involve a balance between fixed and performance based incentive to achieve the short term and long term goals.

a) Remuneration to Whole-time Director/Executive/ Managing Director:

The Remuneration/ Compensation/ Commission/ performance incentive etc. to be paid to Whole-Time Director/ Managing Director/Executive etc. and any revision thereof, shall be

governed as per provisions of the Companies Act, 2013 and rules made there under or any other applicable law(s) for the time being in force.

b) Remuneration to Non-executive / Independent Director

The Non-Executive and Independent Director may receive remuneration/compensation/commission/ performance incentive, as per applicable provisions the Companies Act, 2013 and rules made there under or any other applicable law(s) for the time being in force.

c) Remuneration Parameters for Key managerial personnel (excluding MD, WTD), senior management & other employee

The remuneration of the Key Managerial Personnel (“KMP”) and Senior Management personnel of the Company and any revision therein shall be governed by the company and applicable provisions of the Companies Act, 2013 and rules made there under or any other law(s) for the time being in force.

Apart from the Directors, KMPs and Senior Management Personnel, the remuneration for rest of the employees is determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity and market conditions.

The annual increments to the remuneration paid to the employees shall be determined based on the appraisal carried out by the HODs of various departments. Decision on Annual Increments shall be made on the basis of this appraisal.

MODIFICATION

The Nomination and Remuneration Committee or the Board of Directors of the Company can modify this Policy at any time, if required. Modification may be necessary, among other reasons, to maintain compliance with the regulations and / or accommodate organizational changes within the Company
