

## **NOMINATION AND REMUNERATION POLICY**

### **PREAMBLE**

The Board of Directors (the “Board”) on the recommendation of the Nomination and Remuneration Committee (the “Committee”) has approved and adopted the Nomination and Remuneration Policy (the “Policy”) in compliance with the provisions of Section 178 of the Companies Act, 2013 and rules made thereunder, and Clause 49 of the Listing Agreements with the Stock Exchanges.

### **OBJECTIVES**

The objectives of this policy are:

- To lay down the criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive including Independent Directors), Key Managerial Personnel (“KMP”) and persons who may be appointed in senior management positions;
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage for the Company.
- To determine criteria for remuneration of the Directors and Key Managerial Personnel and other senior management personnel’s, keeping in view Company’s size, financial position and trends and practices on remuneration prevailing in peer Companies.
- To carry out evaluation of the performance of Directors, as well as Key Managerial Personnel and provide necessary report to the Board for further evaluation by the Board;
- To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- To ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- To ensure that remuneration to Directors, Key Managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals”;
- To provide for rewards linked directly to their effort, performance, dedication and achievement of Company’s targets.

- To lay down the criteria for ensuring adequate diversity in its Board;

## **DEFINITIONS**

**“Act”** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

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

**“Committee”** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board from time to time in accordance with the provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement.

**“Company or the Company”** means Shalimar Paints Limited.

**“Director”** means Director as defined under Section 2(34) of the Companies Act, 2013.

**“Independent Director”** means an Independent Director of the Company appointed pursuant to the provisions of Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

**“Key Managerial Personnel”**, means a key-managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director or Chief Executive Officer or Manager and in their absence a Whole-time Director;
- (ii) Company Secretary;
- (iii) Chief Financial Officer; and
- (iv) such other officer as may be prescribed under the Companies Act, 2013.

**“Senior Management”** means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional 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.

## **POLICY**

This Policy is divided in four parts:

### **PART – A**

#### **Criteria for determining qualifications, positive attributes of Directors, KMPs and Senior Management Personnel and also independence of Independent Directors**

- The Nomination and Remuneration Committee shall identify and ascertain the integrity, qualifications, expertise and experience of the person for appointment as Director or KMP and recommend to the Board his / her appointment.
- The Management while evaluating a person for appointment / re-appointment in a senior management position, shall considers various factors including individual's background, competency, skills, abilities, educational and professional background, personal accomplishment, age, relevant experience and understanding of related field viz. marketing technology, finance or such other discipline relevant to present and prospective operations of the Company.
- A person should possess adequate qualifications, expertise and experience for the position he/she is considered for appointment as a Director. The Committee has discretion to decide whether qualifications, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position and are in accordance with the provisions of the Act and Clause 49 of the Listing Agreement.
- The Committee shall ensure that a person proposed to be appointed as an Independent Director satisfies the criteria laid down under the Act read with Clause 49 of the Listing Agreement.
- The appointment and tenure of Directors, Independent Directors and KMPs shall be in accordance with the provisions of the Act read with Clause 49 of the Listing Agreement.

## **PART - B**

### **Performance Evaluation of Board, its Committees and Directors**

The evaluation of the performance of the Board, its Committees and Directors shall be carried out on an annual basis. The performance of the Board and Committees thereof shall be evaluated against their terms of reference. Evaluation of the performance of Directors shall include consideration of their skills, performance and contribution to the Board, Company strategy and Board Committees, their availability and attendance at Board and Committee Meetings.

## **PART-C**

### **Remuneration of Directors, KMPs and Senior Management Personnel**

- The remuneration of the Executive Directors, KMPs and Senior Management Personnel should be based on Company's financial position, industrial trends, remuneration paid by peer companies. The remuneration should be reasonable and sufficient to attract, retain and motivate the aforesaid persons.
- Remuneration to Executive Directors shall be paid by way of salary (including fixed pay and variable pay), allowances, perquisites and retirement benefits, based on recommendation of the Committee and approval of the Board and Shareholders and Central Government (if required).
- The Non-executive directors shall be paid remuneration by way of sitting fee for attending the meetings of the Board and Committees thereof.
- The KMPs shall be paid remuneration approved by the Board of Directors. The Senior Management Personnel shall be paid remuneration in line with the Company's internal HR policy.
- Increments in the existing remuneration of Executive Directors and KMPs shall be approved by the Committee in accordance with the provisions of Companies Act, 2013 and rules framed thereunder. Increments in the remuneration of Senior Management Personnel shall be as per Company's HR policy.
- Increments in the existing sitting fees payable to Non-executive directors for attending the Board Meetings and Committee Meetings shall be approved by the Committee in accordance with the provisions of Companies Act, 2013 and rules framed thereunder."

## **PART-D**

### **Board Diversity**

Board appointments will be based on merit and candidates will be considered on the basis of their skills, knowledge, experience, background and other distinguishing qualities, having due regard to the effectiveness of the Board. It will be ensured that the Board possesses a balance of skills appropriate for the requirements of the business of the Company. The Directors should have a mix of finance, legal, academic and management backgrounds that taken together provide the Company with considerable experience in a range of activities including varied industries, education, government, banking, investment and other professions.

### **Applicability of the Remuneration Policy**

This Remuneration Policy shall apply to all future appointments of Directors, KMPs and Senior Management Personnel.

### **Amendment**

Any modification / amendment in this Remuneration Policy may be carried out by the Board on the recommendation of the Nomination and Remuneration Committee. This policy will be subject to change as per amendment in the Companies Act, 2013, the Listing Agreement, or any other applicable Rules, Regulations and Guidelines.

### **Disclosure**

This Policy shall be disclosed in the Annual Report and made available on the website of the Company.