



NOMINATION, REMUNERATION & PERFORMANCE EVALUATION POLICY

The below mentioned “Nomination, Remuneration & Performance Evaluation Policy” is for the internal use of the Board of Directors of “SUDAL INDUSTRIES LIMITED” (herein after referred to as “the Company”) and is drafted as per the provisions of the Companies Act, 2013 (“the Act”), the Rules made thereunder.

BRIEF OVERVIEW UNDER COMPANIES ACT, 2013

[Section 178 and Companies (Meetings of Board and Its Powers) Rules, 2014]

1. Constitution of the Nomination and Remuneration Committee Consisting of three or more non executive directors out of which not less than one half shall be independent directors.
2. The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the

Board their appointment and removal and shall carry out evaluation of every director's performance.

3. The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and senior management personnel i.e., employees at one level below the Board including functional heads.
4. The Nomination and Remuneration Committee shall, while formulating the policy 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;
 - Relationship of remuneration to performance is clear and meets appropriated remuneration benchmarks; and
 - 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.
5. Such policy shall be disclosed in the Board's Report.

PRESENT COMPOSITION OF BOARD AND LIST OF KMP OF THE COMPANY

At present there are total 6 directors on the Board of which 3 are Non - Executive Independent (including one woman director), one None – Executive Director (Related), and two Executive Directors (one Being the Managing Director and the other being the CFO & Whole – Time Director)

Key Managerial Personnel includes the Managing Director; CFO & Whole -time Director and the Company Secretary.

TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE

The Company has constituted a Nomination and Remuneration Committee of the Board of Directors (Board).

The terms of reference are as under;

- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees.
- Evaluate suitability of candidates for various senior positions and determine appropriate compensation package for them.
- Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- Removal should be strictly in terms of the applicable law/s and in compliance of principle of natural justice.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Recommend to the Board remuneration including salary, perquisites and commission to be paid to the Company's Executive Directors on an annual basis or as may be permissible by laws applicable.
- Recommend to the Board, the Sitting fees payable for attending the meetings of the Board/Committee thereof, and any other benefits such as commission, if any payable to Non-Executive Directors.
- Setting the overall Remuneration policy and other terms of employment of Directors wherever required.

NOMINATION, REMUNERATION AND PERFORMANCE EVALUATION POLICY

Keeping in view the terms of reference, the Nomination and Remuneration Committee of the Company, have adopted a “Nomination, Remuneration & Performance Evaluation Policy” which lays down the criteria for;

- 1) Determining qualifications to be appointed as Director (Including Independent Director);
- 2) Appointment of KMP / Senior Management Personnel;
- 3) Remuneration of Directors; KMP and Senior Management Personnel; and
- 4) Evaluation of the performance of every Director, the Board as a whole, the various Committees of the Board, KMP & Senior Management Personnel. Evaluation of the Quality, Quantity and timeliness of flow of information between the Company management and the Board

1) Criteria determining qualifications to be appointed as Director (Including Independent Director

- Persons of eminence, standing and knowledge with significant achievements in business, profession and/or public service.
- Their financial or business literacy / skills.
- Their Engineering Industry Experience.
- Appropriate other qualifications / experience to meet the objective of the Company.
- As per the applicable provisions of the Companies Act, 2013, Rules made thereunder and SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015.

*The Nomination and Remuneration Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate/s.

2) Criteria for appointment of Key Managerial Personnel / Senior Management Personnel

- To possess required qualifications, experience, skills and expertise to effectively discharge their duties and responsibilities.
- To practice and encourage professionalism and transparent working environment.
- To build teams and carry the team members along for achieving the goals and objectives and corporate mission.
- To adhere strictly to code of conduct.

3) Remuneration of Directors, KMP & Senior Management Personnel

The guiding principle is that the level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate Directors, KMP and other Senior Management Personnel of the quality required to run the Company successfully. The Directors, KMP and other Senior Management Personnel's salary shall be based and determined on the individual person's responsibilities and performance and in accordance with the limits prescribed statutorily, if any.

The Nomination and Remuneration Committee determines individual remuneration packages for Directors, Key Managerial Personnel and other Senior Management Personnel of the Company taking into account factors it deems relevant, including but not limited to market, business performance and practices in comparable companies, having due regard to financial and commercial health of the Company as well as prevailing laws and government/other guidelines. The Committee consults with Managing Director as it deems appropriate. Remuneration of the Managing Director is recommended by the Committee to the Board of the Company.

I. Remuneration:

➤ Base Compensation (Fixed Salaries)

Must be competitive and reflective of the individual's role, responsibility and experience in relation to performance of day-to-day activities, usually reviewed on an annual basis; (includes salary, allowances and other statutory/ non statutory benefits which are normal part of remuneration package in line with market practices)

➤ Variable Salary

The Nomination & Remuneration Committee may in its discretion structure any portion of remuneration to link rewards to corporate and individual performance, fulfillment of specified improvements targets or attainment of certain financial or other objectives set by the Board.

II. Statutory Requirements:

➤ Section 197(1) of the Companies Act, 2013 provides for the total managerial remuneration payable by the Company to its directors, including managing director and whole-time director, and its manager in respect of any financial year, shall not exceed eleven percent of the net profits under the Act.

➤ The Company with the approval of the Shareholders and Central Government may authorize the payment of remuneration exceeding eleven percent of the net profits of the Company, subject to the provisions of Schedule V.

➤ The Company may with the approval of the shareholders authorize the payment of remuneration up to five percent of the net profits of the Company to its any one Managing Director / Whole-time Director/Manager and ten percent in case of more than one such official.

- The Company may pay remuneration to its directors, other than Managing Director and Whole Time Director upto one percent of the net profits of the Company, if there is a Managing Director/ Whole Time Director or a Manager and three percent of net profits in any other case.
- The net profits for the purpose of the above remuneration shall be computed in the manner referred to in Section 198 of the Companies Act, 2013.
- Section 197(5) provides for remuneration by way of fees to a director for attending meetings of the Board of Directors and Committee Meetings or for any other purpose as may be decided by the Board.

The Independent Directors shall not be entitled to any stock option and may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose as may be decided by the Board and profit related commission as may be approved by the members. The sitting fee to the Independent Directors shall not be less than the sitting fee payable to other directors.

No Director/KMP/ Senior Management Personnel is involved in deciding his or her own remuneration

NOTE: **The Company aspires to pay performance linked remuneration to its Directors, KMP and other Senior Management Personnel. For this purpose, the performance of the Directors / KMP/ other Senior Management Personnel will be evaluated annually by the Committee, on the certain pre-determined criteria and based on the ratings acquired; their remuneration will be determined and reviewed from time to time.

4) Performance Evaluation

It shall be the duty of the Managing Director who shall be assisted by the Company Secretary to organize the evaluation process and accordingly conclude the steps required to be taken. The evaluation process shall be used constructively as a system to improve 'directors and committees' effectiveness to maximize their strengths and tackle their shortcomings.

The Board of Directors shall undertake the following activities on annual basis:

1. The Managing Director of the Company shall meet with each and every director, individually to discuss his/her performance throughout the year.
2. Review the various strategies of the Company and accordingly set the performance objectives for directors, in consistency with varying nature and requirement of Company's business.
3. The Board as a whole shall discuss and analyze its own performance during the year together with suggestions for improvement thereof, pursuant to the performance objectives.

In conformity with the requirement of the Act, the performance evaluation of all the independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.

Independent Directors are required to evaluate the performance of non-independent directors and the Board as a Whole. The independent Directors shall meet at least once in a year to exercise its functions as mentioned in the Act, its applicable Rules and the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015.

EVALUATION FACTORS:

The Board of Directors shall pay regards to the following parameters for the purpose of evaluation the performance of a particular director based;

In respect of each of the evaluation factors, various aspects have been provided to assist with the evaluation process in respect of performance of independent directors, non-independent directors and other employees of the Company and

Committees of directors separately, as such evaluation factors may vary in accordance with their respective functions and duties.

Rating Scale

Scale	Performance
5	Exceptionally Good
4	Good
3	Satisfactory
2	Needs Improvement
1	Unacceptable

INDEPENDENT DIRECTORS:

Overall Rating.....

Assessment	Rating
Compliance with AOA, Companies Act and other Laws	
Compliance with ethical standards and Code of Conduct of the Company	
Assistance in implementing corporate governance policies	
Rendering independent and unbiased opinion	
Attendance and presence in Meetings of Board and Committee Meetings	
Attendance and presence in General Meetings	
Leadership Qualities	
Qualifications	
Disclosure of non-independence, if exists	
Independent view on key appointments and strategy formulations	
Review of integrity of financial information and risk management	
Safeguard of stakeholders interest	
Appointment and removal of KMPs	
Determination of level of remuneration of KMPs	
Updation of skills and knowledge	

Punctuality	
Information regarding external environment	
Raisings of concern to the Board	
Safeguard of confidential information	
Reporting of frauds, violation etc.,	

NON-INDEPENDENT / EXECUTIVE DIRECTORS:

Overall Rating.....

Assessment Criteria	Ratings
Compliance with AOA, Companies Act and other Laws	
Strategic Planning – Financial & Business	
Operational performance of the Company	
Monitoring performance against plans	
Steps initiated towards business development	
Steps initiated towards branding of Company	
Compliance with ethical standards and Code of Conduct	
Exercising duties diligently	
Qualifications	
Punctuality	
Disclosure of interest	
Leadership Skills	
Motivating employees and providing assistance	
Establishment of internal control processes	
Communication Skills	
Attendance and presence of Meetings of Board and Committees	
Attendance in General Meetings	
Team work attributes	
Supervision and training of staff members	
Safeguard of confidential information	

BOARD OF DIRECTORS (i.e., BOARD AS A WHOLE):

Overall Rating.....

Assessment Criteria	Ratings
Is the Composition of the Board appropriate with the right mix of knowledge and skills	
Members of the Board meet applicable independence requirements	
Is effective in establishing a corporate environment that promotes timely and effective disclosures, fiscal accountability, high ethical standards, and compliance with applicable laws and regulations	
Is effective in establishing a corporate governance structure that allows and encourages the Board to fulfill its responsibilities	
The Board receives regular financial updates, and takes all necessary steps to ensure the operations of the organization are sound and reviews the organization's performance in carrying out stated mission on a regular basis	
The Information provided to the directors prior to the Board Meetings meets expectations in terms of length and level of detail and Board Members come prepared to meetings and ask appropriate questions of management and address issue that might present a conflict of interest	
Board Meeting are conducted in a manner that encourages open communication, meaningful participation and timely resolution of issues	
The Chairman of the Board effectively and appropriately leads and facilitates the Board Meetings and the policy and governance work of the Board	

COMMITTEES OF THE BOARD:

The Board has constituted the following committees:

- Audit Committee
- Nomination & Remuneration Committee
- Stakeholders Relationship Committee
- Share Transfer Committee

For evaluating the performance of the Committee, the Board of Directors shall lay down the following criteria;

Overall Rating.....

ASSESSMENT	RATINGS
Compliance with AOA, Companies Act and other Laws	
Compliance with its Charter Documents	
Compliance with ethical standards and Code of Conduct	
Attendance in the Meeting of Committee	
Participation/Contribution in discussion and decision making process at the Committee level	
Manner under which the Meetings of the Committee are conducted	
Consideration of matters and concerns raised by the Committee Members in the course of meetings	
Analyzing the efficiency and effectiveness of the systems in the Company	
Committee's accomplishments w.r.t performance objectives	
Redressal of complaints and grievances	
Coordination with other Committees and Board	
Fulfillment of roles and responsibilities	
Adherence to Company policies and internal procedures	

KEY MANAGEMENT PERSONNEL & OTHER SENIOR MANAGEMENT PERSONNEL:

Overall Rating.....

ASSESSMENT	RATINGS
Compliance with AOA, Companies Act and other Laws	
Compliance with ethical standards and Code of Conduct	
Fulfillment of roles and responsibilities	
Achievement of target fixed	
Punctuality and other personality related aspects	

QUALITY, QUANTITY AND TIMELINESS OF THE FLOW OF INFORMATION BETWEEN THE COMPANY MANAGEMENT AND THE BOARD:

Overall Rating.....

ASSESSMENT	RATINGS
Timely receipt of Notice and Agenda convening the Board and the Committees Meeting and for resolution to be passed by circulation	
Detail Description and supporting documents on the Agenda Items for Board Members to read, understand and deliberate thereon	
Disclosures of Directors/Promoters interest in the items of the agenda while considering related party transactions and comparative analysis of transactions from arms length view	
Disclosure of material information necessary to the Board for exercising their fiduciary duty	
Referencetomajormattersdiscussedanddecisionstakenat theprevious meeting	

REVIEW

Subject to the approval of the Board of Directors, the “Nomination and Remuneration Committee” reserves its right to review and amend this policy, if required, to ascertain its appropriateness as per the needs of the Company. The Policy may be amended by passing a resolution at a meeting of Nomination and Remuneration Committee.

DISCLOSURE

“SUDAL INDUSTRIES LIMITED” will disclose details of its Board Performance Evaluation in its Board’s Report and the key features of this Policy would also be included in the Corporate Governance Statement in the Annual Report of the Company

Further the Board’s Report containing such statement will be made available to the shareholders at the general meeting of the Company. This policy will be available on the website of the Company.
