

NOMINATION & REMUNERATION POLICY OF
SHALIMAR WIRES INDUSTRIES LIMITED

1. PREFACE

Remuneration policy of Shalimar Wires Industries Limited comprising members of the Board of Directors (“Board”), Key Managerial Personnel (“KMP”) and Senior Management Personnel (“SMP”) & other employees of the Company (collectively referred to as “Executives”).

- The Board of Directors has adopted the revised remuneration policy on the recommendation of the Nomination & Remuneration Committee
- This remuneration policy was laid down on the basis of an overall assessment of the size of the company, its organization and the complexity of its activities. The purpose is to have a remuneration policy that is consistent with and promotes sound and effective risk management, and which is aligned with the company’s strategy, values and goals and the interests of customers and investors.
- The Policy shall be disclosed in Board’s Report.
- The Policy will be revised by the Nomination and Remuneration Committee of the Board as and when required.
- Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be amended from time to time shall have the meaning respectively assigned to them therein.

2. COMMENCEMENT

This remuneration policy governs Policy relating to directors’ appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 of Companies Act 2013 and the SEBI (LODR) Regulations and amendments thereof. This policy also covers the remuneration of the Key Managerial Personnel and Senior Management Personnel.

3. DEFINITIONS

- a) “Board of Directors” or “Board”, in relation to a company, means the collective body of the directors of the company;
- b) “Chief Executive Officer” means an officer of a company, who has been designated as such by it;
- c) “Chief Financial Officer” means a person appointed as the Chief Financial Officer of a company;

d) "Company Secretary" or "Secretary" means a company secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 who is appointed by a company to perform the functions of a company secretary under this Act;

e) "Director" means a director appointed to the Board of a company;

f) "senior management personnel" shall mean officers/personnel of the Company who are members of its core management team excluding board of directors and this shall comprise all members of management one level below the Chief Executive Officer/ Managing Director/ Whole time Director/ Manager (including Chief Executive Officer/Manager in case they aren't part of the Board) and shall specifically include Company Secretary and Chief Financial Officer.

g) "Key Managerial Personnel", in relation to a company, means—

- (i) the Chief Executive Officer or the Chairman & Managing Director or the manager;
- (ii) the whole-time director
- (iii) the Chief Financial Officer;
- (iv) the company secretary;
- (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) such other officer as may be prescribed

h) "Manager" means an individual who, subject to the superintendence, control and direction of the Board of Directors, has the management of the whole, or substantially the whole, of the affairs of a company, and includes a director or any other person occupying the position of a manager, by whatever name called, whether under a contract of service or not;

i) "Managing Director" means a director who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called.

j) "Remuneration" means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;

k) "Whole-Time Director" includes a director in the whole-time employment of the company;

4. AIMS & OBJECTIVES

The aims and objectives of this remuneration policy may be summarized as follows:

- The remuneration policy shall have criteria for determining qualifications, positive attributes and independence of a director and provide for the remuneration of the directors, key managerial personnel and senior management personnel.
- The remuneration policy seeks to enable the company to provide a well-balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations.
- The remuneration policy will ensure that the interests of Board members, KMP & SMP are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the company and will be consistent with the "pay-for-performance" principle.
- The remuneration policy will ensure that remuneration to directors, key managerial personnel and senior management personnel 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. NOMINATION AND REMUNERATION COMMITTEE

a. **Composition**-The Nomination and Remuneration Committee shall comprise of three or more non- executive directors out of which fifty percent of the directors shall be independent directors.

b. **Terms of reference** -

- Identify persons who are qualified to become directors;
- Identify persons who may be appointed as key managerial personnel and in senior management positions;
- Recommended to the Board for re-appointment of directors based on performance evaluation of the retiring director;
- Annual evaluation of every director's performance;
- Formulating a remuneration policy of the Company;
- To propose remuneration packages for the Directors and Key Managerial Personnel including senior management;
- Recommending re-constitution of the Board or senior management as may be required from time to time under the prevailing laws and for operational effectiveness of the Company.

c. **Responsibilities and duties** : The responsibility and duties of Nomination and Remuneration Committee are defined below covering their scope of work :

- Reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with the objective to diversify the Board;
- Identifying individuals suitably qualified to be appointed as the KMPs or in the senior management of the Company;

- Formulating framework and/or policy for remuneration, terms of employment and any changes, including service contracts, remuneration, policy for and scope of pension arrangements, etc for Executives and reviewing it on a periodic basis;
- Formulating terms for cessation of employment and ensure that any payments made are fair to the individual and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognized;
- ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks
- To approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.

6. PROCESS FOR EVALUATION:

- a) The Nomination & Remuneration Committee of the Board is responsible for the evaluation of performance of every director, including independent director and place their review before the board. Provided that, the independent directors who are subject to the evaluation shall not be present during the evaluation.
- b) The Policy will be reviewed every year by the Nomination and Remuneration Committee of the Board of Directors.

7. CRITERIA, SELECTION AND APPOINTMENT: -

EXECUTIVE /NON EXECUTIVE DIRECTOR INCLUDING INDEPENDENT DIRECTOR

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director and recommend to the Board his / her appointment.
- The extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company;
- The nature of existing positions held by the appointee including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment.
- A person, to be appointed as Director, should possess deep expertise and insights in sectors / areas relevant to the company, ability to contribute to company's growth, complementary skills in relation to the other Board members.
- In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.

- The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013 and amendments thereof.
- The N&R Committee shall consider the following attributes /criteria, whilst recommending to the Board the candidature for appointment as Director.
 - Diversity of the Board.
 - Demonstrable leadership skills;
 - Commitment to high standards of ethics, personal integrity and probity;
 - Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace;
 - Having continuous professional development to refresh knowledge and skills.
 - Degree holder in relevant disciplines;
 - Experience of management in a diverse organization;
 - Excellent interpersonal, communication and representational skills
- In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level as well as the fulfillment of the independence criteria as specified in the SEBI (LODR) Regulations and their independence from the management.

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. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on April 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he/ she shall be eligible for appointment for one more term of 5 years only.
- 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/ Managing Director of a listed company. However, the count of the listed entities on which a person is a director/ independent director shall be only those whose equity shares are listed on a stock exchange.
- Independent Director shall not be entitled to any stock option , if any introduced by the company.

Role of Independent director:

Independent Director shall abide by the Code for Independent Directors as laid down under Schedule IV of the Companies Act, 2013, and duties of Directors as provided in Section 166 of the Act and in the SEBI (LODR) Regulations, 2015 with amendments thereof.

KMPS AND SMP

- The Committee shall actively liaise with the relevant departments of the Company to study the requirement for management personnel, and produce a written document thereon;
- The Committee may conduct a wide-ranging search for candidates for the positions of KMP and SMP within the Company, within enterprises controlled by the Company or within enterprises in which the Company holds equity, and on the human resources market;
- To practice and encourage professionalism and transparent working environment
- The professional, academic qualifications, professional titles, detailed work experience and all concurrently held positions of the initial candidates shall be compiled as a written document;
- A meeting of the Committee shall be convened, and the qualifications of the initial candidates shall be examined on the basis of the conditions for appointment of KMP and SMP;
- Before the selection of KMP or SMP, the recommendations of and relevant information on the relevant candidate(s) shall be submitted to the Board of Directors;
- A whole-time KMP of the Company shall not hold office in more than one company. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors. Provided also that a Company may appoint or employ a person as its managing director, if he is the Managing Director or Manager of one, and of not more than one other Company and such appointment or employment is made or approved by a resolution passed at the Board meeting of the Company with consent of all the directors present.
- The Committee shall carry out other follow-up tasks based on the decisions of and feedback from the Board of Directors.

SELECTION OF BOARD MEMBERS/ EXTENDING INVITATION TO A POTENTIAL DIRECTOR TO JOIN THE BOARD

Nomination & Remuneration Committee periodically evaluate the Performance of every director, ascertain their availability and make suitable recommendations to the Board. The Committee identifies suitable candidates in the event of a vacancy being created on the Board on account of retirement, resignation or demise of an existing Board member. Based on the recommendations of the Committee, the Board evaluates the candidate(s) and decides on the selection of the appropriate member.

The Board then makes an invitation (verbal / written) to the new member to join the Board as a Director. On acceptance of the same, the new Director is appointed by the Board.

8. RE-APPOINTMENT OF DIRECTORS

The re-appointment of directors will not be automatic. The reappointment if any made shall be after consideration the report on the Performance Evaluation of each director as done by Board. The board will ensure planned and progressive refreshing of the board. Every Director except Independent and Nominee Director shall retire from office at each Annual General Meeting. A Director who retires at an Annual General Meeting may, if willing to act, be reappointed.

9. TERM OF MANAGING DIRECTOR/WHOLE-TIME DIRECTOR:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director.

10. REMOVAL

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, 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 Act, rules and regulations.

11. 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, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company pursuant to the applicable law.

12. PRINCIPLES OF REMUNERATION

The objective of the remuneration policy is to enable the Company to attract, motivate, and retain qualified industry professionals for the Board of Management and other executive level in order to achieve the Company strategic goals. The remuneration policy acknowledges the internal and external context as well as the business needs

and long term strategy. The policy is designed to encourage behavior that is focused on long-term value creation, while adopting the highest standards of good corporate governance. The policy is built on the following principles:

- Vision And Strategy- Remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, supports and reinforces the achievement of the Company's vision and strategy.
- Transparent –The policy and its execution are clear and practical.
- Aligned within the company's objectives – The remuneration policy is aligned with the company's short term and long term objectives, compatible with those of management and other employees.
- Long-term orientated – The incentives focus on long-term value creation.
- Compliant – Company adopts the highest standards of good corporate governance.
- Simple – The policy and its execution are as simple as possible and easily understandable to all stakeholders.
- Internal equity- The Company shall remunerate the board members, KMP and senior management in terms of their roles within the organisation. Positions shall be formally evaluated to determine their relative weight in relation to other positions within the Company.
- External equity- The Company strives to pay an equitable remuneration, capable of attracting and retaining high quality personnel. Therefore the Company will remain logically mindful of the ongoing need to attract and retain high quality people, and the influence of external remuneration pressures. Reference to external market norms will be made using appropriate market sources, including relevant and comparative survey data, as determined to have meaning to the Company's remuneration practices at that time.
- Flexibility- Remuneration and reward offerings shall be sufficiently flexible to meet both the needs of individuals and those of the Company whilst complying with relevant tax and other legislation.
- Performance-Driven Remuneration- The Company shall entrench a culture of performance driven remuneration through the implementation of the Performance Incentive System, as and when required.
- Affordability and Sustainability- The Company shall ensure that remuneration is affordable on a sustainable basis.

13. **REMUNERATION TO - Executive Directors (MD, CEO, WTD /Manager)**

- The remuneration/compensation/commission etc. to Directors will be determined by the Committee and recommended to the Board for approval.
- The remuneration and commission to be paid to the Executive Directors shall be in accordance with the provisions of the Companies Act, 2013, and the rules made there under and the SEBI (LODR) Regulations.

- Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Executive Directors, as applicable.
- At the time of appointment or re-appointment, the CEO/ Managing Director/WTD shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) and the CEO/Managing Director/WTD within the overall limits prescribed under the Companies Act, 2013.
- The remuneration shall be subject to the approval of the Members of the Company in General Meeting.

The remuneration of the Executive Director is broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits. The variable component comprises performance bonus/commission.

In determining the remuneration (including the fixed increment and performance bonus) the N&R Committee shall ensure / consider the following:

- a. the relationship of remuneration and performance benchmarks is clear;
- b. balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- c. responsibility required to be shouldered by the CEO & Managing Director, the industry benchmarks and the current trends;
- d. the Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs / KPIs.

Minimum remuneration to Managing Director/WTD

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director / WTD in accordance with the provisions of Schedule V of the Companies Act, 2013.

Non Executive Director:

Non-Executive Directors are paid sitting fees for each meeting of the Board or its committees attended by them. No other commissions are paid to Non executive Directors. Presently there are no stock option benefits given to any of its directors.

However, the Company shall take approval from its' shareholders in case the remuneration at any time exceeds the limits prescribed as per the SEBI (LODR) Regulations, 2015.

Independent Directors

The Independent Directors will receive remuneration by way of fees for attending meetings of Board or Committee thereof, as decided by the Committee from time to time subject to the limit defined under the Companies Act, 2013 and rules. Further the Independent Directors of the Company shall not be entitled to participate in Stock Option Scheme of the Company, if any, introduced by the Company

KMP and SMP

- The remuneration / compensation / commission etc. to KMP and SMP will be determined by the Committee and recommended to the Board for approval.
- At the time of appointment, KMP and SMP shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) and KMP and SMP.
- The remuneration of KMP and SMP is broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits. The variable component comprises performance bonus and Incentives.

14. REVIEW

This policy is framed based on the provisions of the Companies Act, 2013, and rules thereunder and the requirements of the SEBI (LODR) Regulations, 2015. In case of any subsequent changes in the provisions of the Companies Act, 2013, or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy.

This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the policy as recommended by the Committee would be given for approval of the Board of Directors.

The Policy was approved by Board of Directors in their meeting held on 13th August, 2018.

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