

# SHILCHAR TECHNOLOGIES LIMITED



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### NOMINATION, REMUNERATION AND EVALUATION POLICY

#### 1. APPLICABILITY

This Nomination, Remuneration and Evaluation Policy (the “Policy”) applies to the Board of Directors (the “Board”) and the Key Managerial Personnel (the “KMP”) of SHILCHAR TECHNOLOGIES LIMITED (the “Company”).

This Policy is in compliance with Section 178 of the Companies Act, 2013 read with the applicable rules thereto and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

#### 2. PURPOSE

The primary objective of the Policy is to provide a framework and set standards for the nomination, remuneration and evaluation of the Directors and Key Managerial Personnel. The Company aims to achieve a balance of merit, experience and skills amongst its Directors and Key Managerial Personnel.

#### 3. ACCOUNTABILITIES

- 3.1. The Board is ultimately responsible for the appointment of Directors and Key Managerial Personnel.
- 3.2. The Board has delegated responsibility for assessing and selecting the candidates for the role of Directors and Key Managerial Personnel of the Company to the Nomination and Remuneration Committee which makes recommendations & nominations to the Board.

#### 4. APPOINTMENT OF DIRECTORS & KMPS

- 4.1. Enhancing the competencies of the Board and attracting as well as retaining talented employees for role of KMP are the basis for the Nomination and Remuneration Committee to select a candidate for appointment to the Board. While recommending a candidate for appointment, the Nomination and Remuneration Committee will assess:
  - the appointee against a range of criteria which includes but not be limited to qualifications, skills, regional and industry experience, background and other qualities required to operate successfully in the position, with due regard for the benefits from diversifying the Board;
  - 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 skills and experience that the appointee brings to the role of KMP;

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- 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

#### 4.2. Personal specifications:

- At least a Degree holder in one or more relevant disciplines;
- Experience of management in a diverse organization;
- Excellent interpersonal, communication and representational skills;
- 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.

#### 4.3. Letters of Appointment

Each Director / KMP is required to sign a letter of appointment, as acceptance of the offer, with the Company containing the terms of appointment and the role assigned in the Company.

## 5. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The guiding principle is that the level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate Directors and Key Management Personnel.

The Directors remuneration and Key Management Personnel's salary shall be based & determined on the individual person's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any.

The Nominations & Remuneration Committee determines individual remuneration packages for Directors and KMPs 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 the Chairman of the Board as it deems appropriate.

#### 5.1. Remuneration of the Managing Director and Executive Director is recommended by the Committee to the Board of the Company.

##### i. Remuneration:

##### a) 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;

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(includes salary, allowances and other statutory/non-statutory benefits which are normal part of remuneration package in line with market practices).

b) Variable salary:

The NRC may in its discretion structure any portion of remuneration to link rewards to corporate and individual performance, fulfilment of specified improvement targets or the attainment of certain financial or other objectives set by the Board. The amount payable is determined by the Committee, based on performance against pre-determined financial and non-financial metrics and statutory limits, if any.

i. Statutory Requirements:

- Section 197(5) of the Companies Act, 2013 provides for remuneration by way of a sitting fee 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.
- 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 to not exceed eleven percent of the net profits of the Company computed in the manner laid down in Section 198 in the manner as prescribed under the Act.
- The Company with the approval of the Shareholders and Central Government may authorise 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 authorise the payment of remuneration upto five percent of the net profits of the Company to 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 or whole time director or manager and three percent of the 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.

5.2 The Independent Directors shall not be entitled to any stock option and may receive remuneration by way of sitting 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.

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5.3. The remuneration payable to the Directors shall be as per the Company's policy and shall be valued as per the Income Tax Rules.

The remuneration payable to the Key Managerial Personnel shall be as may be decided by the Board having regard to their experience, leadership abilities, initiative taking abilities and knowledge base.

## 6. EVALUATION/ ASSESSMENT OF DIRECTORS AND KMP'S OF THE COMPANY

The evaluation/assessment of the Directors and KMPs of the Company is to be conducted on an annual basis and to satisfy the requirements of the Listing Regulations.

The following criteria may assist in determining how effective the performances of the Directors and KMPs have been:

- Leadership & stewardship abilities
- contributing to clearly defined corporate objectives & plans
- Communication of expectations & concerns clearly with subordinates
- obtain adequate, relevant & timely information from external sources.
- review & approve achievement of strategic and operational plans, objectives, budgets
- regular monitoring of corporate results against projections
- identify, monitor & mitigate significant corporate risks
- assess policies, structures & procedures
- direct, monitor & evaluate KMPs
- review management's succession plan
- effective meetings
- assuring appropriate board size, composition, independence, structure
- clearly defining roles & monitoring activities of committees
- review of corporation's ethical conduct

Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/Non-Independent Directors in a separate meeting of the Independent Directors.

The Executive Director/Non-Independent Directors along with the Independent Directors will evaluate/assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion

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