

# SHARP INDIA LIMITED

## NOMINATION AND REMUNERATION POLICY

### 1. PREAMBLE

- 1.1 Sharp India Limited (the '**Company**') recognizes the importance of attracting, retaining and motivating personnel of high calibre and talent for the purpose of ensuring efficiency and high standard in the conduct of its affairs and achievement of its goals besides securing the confidence of the shareholders in the sound management of the Company. For the purpose of attaining these ends, the Company has constituted a Nomination and Remuneration Committee which is entrusted with the task of devising a transparent reasonable and fair policy of remuneration for its directors, key managerial personnel and other employees.
- 1.2 The Companies Act, 2013 and Rules and Regulations made there under and amended from time to time and Securities and Exchange Board of India (listing obligations and disclosure requirements) regulations, 2015 (SEBI(LODR)) makes it mandatory for the Board of Directors of every listed company to constitute a Nomination and Remuneration Committee. The new set of policy was adopted on 6<sup>th</sup> February 2019 to be in line with the amendments in Companies Act 2013 and SEBI (LODR)
- 1.1 The objective of the Nomination and Remuneration Committee is to assist the Board of Directors of the Company and its controlled entities in fulfilling its responsibilities to shareholders by :
  - 1.3.1. ensuring that the Board of Directors is comprised of individuals who are best able to discharge the responsibilities of directors in consonance with the Companies Act, 2013 and the norms of corporate governance and
  - 1.3.2. ensuring that the nomination processes and remuneration policies are equitable and transparent.
- 1.2 The responsibilities of the Nomination and Remuneration Committee include :
  - 1.2.1 formulating a criteria for determining qualifications, positive attributes and independence of a director;
  - 1.2.2 recommending to the Board of Directors a policy, relating to the remuneration *in whatever form, payable* to the directors, key managerial personnel and senior management personnel.
  - 1.2.3 formulating a criteria for evaluation of performance of Independent Directors and the Board of Directors and on the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director;
  - 1.2.4 devising a policy on Board diversity; and
  - 1.2.5 identifying persons who are qualified to become directors and who may be appointed as part of the 'senior management' or core management team of the Company in accordance with the criteria laid down, and recommending to the Board of Directors the appointment and removal of such personnel.
- 1.3 This Nomination and Remuneration Policy has been formulated with a view to :

- 1.3.1 devise a transparent system of determining the appropriate level of remuneration for the directors , key managerial personnel and senior management personnel .
  - 1.3.2 encourage directors, key managerial personnel and senior management personnel to perform to their highest level;
  - 1.3.3 provide consistency in remuneration for the directors , key managerial personnel and senior management.
- 1.4 The Nomination and Remuneration Policy elucidates the types of remuneration to be offered by the Company and factors to be considered by the Board of Directors of the Company, Nomination and Remuneration Committee and management of the Company in determining the appropriate remuneration policy for the Company.

## 2. DEFINITIONS

Some of the key terms used in the Nomination and Remuneration Policy are as under :

- 2.1 **'Board'** means the Board of Directors of Sharp India Limited or the Company.
- 2.2 **'Committee'** means the Nomination and Remuneration Committee constituted by the Board of Directors of the Company in accordance with Section 178 of the Companies Act, 2013.
- 2.3 **'Director'** means a director appointed on the Board of the Company including executive; non-executive; and independent directors.
- 2.4 **'Key managerial personnel'** includes managing director, or Chief Executive Officer or manager and in their absence, a whole-time director; company secretary; and Chief Financial Officer.
- 2.5 **'Member'** means a director of the Company appointed as member of the Committee.
- 2.6 **'Nomination and Remuneration Policy'** shall mean the policy of remuneration of directors, key managerial personnel and senior management personnel of the Company determined by the Nomination and Remuneration Committee.
- 2.7 **'Senior management'** shall mean officers/ personnel of the company means who are members of its core management team excluding Board of Directors and normally this shall comprise all members of management one level below chief executive officer/ Managing Director/ whole time Director/ manager including chief executive officer/manager, in case they are not part of the Board and shall specifically include Company Secretary and Chief Financial Officer

## 3. NOMINATION AND REMUNERATION COMMITTEE

- 3.1 The Committee shall be formed by the Board of the Company. It shall consist of three or more non-executive directors out of which not less than one-half shall be independent directors. The Board of the Company shall nominate directors as Members of the Committee from time to time.
- 3.2 The Chairman of the Committee shall be an independent director but shall not be the Chairperson of the Company. He shall be present at the Annual General Meeting, to answer the shareholders' queries and may determine as to who should answer the queries. If the Chairperson is unable to attend the annual general

meeting, any other member of the committee authorized by him in this behalf shall attend the annual general meeting.

- 3.3 The quorum for meeting of nomination and remuneration committee shall be either two members or one third of the members of the committee whichever is greater, including at least one independent director in attendance.
- 3.4 The nomination and remuneration committee shall meet at least once in year.

#### **4. LETTER OF ENGAGEMENT OR CONTRACT OF EMPLOYMENT**

- 4.1 Non-executive independent directors shall enter into a letter of engagement with the Company, the terms and conditions of which shall be approved by the Board. The letter of engagement shall set forth the terms and conditions of the engagement, the performance expectations for the position, the remuneration package and added incentives for the director, if any, the availability of the latter being contingent upon fulfillment of certain expectations of the Company measured by benchmarks of performance defined by the Company.
- 4.2 Executive directors and key managerial personnel shall enter into a contract with the Company clearly setting out the terms and conditions of the remuneration package for such person. The contract of employment shall set out the expectations for the performance, the key performance indicators, measures and criteria for assessment or evaluation of performance.
- 4.3 The Committee and the Board must approve the terms and conditions of employment for the Executive Directors and the Key Managerial Personnel at the time of their appointment and re-appointment.
- 4.4 The Company shall pay remuneration to the senior management personnel taking into account their roles and responsibilities.
- 4.5 The Board shall disclose the terms and conditions of employment of the executive directors and key managerial personnel in accordance with the law, if necessary.

#### **5. REMUNERATION STRUCTURE**

##### **5.1: REMUNERATION TO MANAGING /EXECUTIVE DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT:**

The Board shall, in consultation with the Committee approve and finalize the form of remuneration to be offered to Executive Directors, key managerial personnel and senior management. The remuneration package shall be composed of amounts that are fixed and may include a variable Component and the endeavour of the Board and the Committee shall be to strike a balance between the fixed and variable components and thereby promote sustainable value for the Company and its shareholders over time.

##### **5.1.1 Fixed Remuneration**

The contract of employment entered into by the executive directors and key managerial personnel with the Company shall demarcate a fixed gross monthly or annual salary or base salary payable to them. The fixed remuneration or salary shall be determined according to complexities of the position and role of the Executive

Directors and key managerial personnel. The relevant laws and regulations, conditions prevalent in the labour market and the scale of the business relating to the position. The fixed remuneration will reflect the core performance requirements and expectations of the Company.

#### **5.1.2 Performance Based Remuneration or Incentive-Based Payments**

The Board in consultation with the committee may pay performance based incentive payment to the directors. The performance-based or incentive-based payments shall form part of the variable component of the salary payable to them.

#### **5.1.3 Benefits to Executive Directors , key managerial personnel & senior management personnel**

The Company shall comply with all legal and industrial obligations in determining the benefits available to executive directors , key managerial personnel & senior management personnel, namely short-term benefits such as salaries, social security contributions, and post-employment benefits such as gratuity, pension retirement benefits etc.

### **5.2 REMUNERATION TO NON-EXECUTIVE DIRECTORS**

The Company shall pay remuneration to non-executive directors in such a manner so as to attract and maintain high quality members on the Board. Non Executive Directors may be paid remuneration in such form as which is allowable and is within the scope and limits of the Companies Act 2013.

The Non-Executive Directors who are entitled to receive the sitting fees shall be paid remuneration by way of sitting fees which is within the limits of the Companies Act, 2013 and which are determined by the Board of Directors and this committee from time to time. .

### **6. DISCLOSURES:**

6.1. The Nomination and Remuneration Policy shall be disclosed in the Board's report of the Company prepared in accordance with sub-section (3) of section 134 of the Companies Act, 2013.

6.2. The Nomination and Remuneration Policy and the criteria for evaluation of performance or evaluation criteria as laid down by the Committee shall be disclosed in the Annual Report of the Company.

6.3 Payments to non-executive directors shall be disclosed in the Annual Report of the Company. Further, the number of shares and convertible instruments held by non-executive directors shall be disclosed by the Company in its Annual Report.

6.4 With regard to payment of remuneration, the section on the corporate governance of the Annual Report of the Company shall contain the following disclosures, namely :

6.4.1. All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc; if any.

6.4.2 Details of fixed component and performance linked incentives, along with the performance criteria; if any.

6.4.3 Service contracts, notice period, severance fees; if any and

6.4.4 Stock option details, if any - and whether issued at a discount as well as the period over which accrued and over which exercisable, if any. .

## **7. REVIEW AND IMPLEMENTATION**

7.1. The Committee shall conduct an evaluation of performance for all the directors as per the provisions in the Companies Act, 2013 and SEBI(LODR) on an annual basis to monitor and review, and if necessary, revise the appropriateness of each remuneration package.

7.2 The Committee shall be responsible for monitoring the implementation of the Nomination and Remuneration Policy, conducting a review of the same from time to time and advising the Board on the mode of revision of the policy.

## **8. AMENDMENT**

The Committee reserves the right to amend or modify the Nomination and Remuneration Policy in whole or in part, at any time with reasons to be recorded in writing and placing the same in the meeting of this committee for its approval.

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