

SEYA INDUSTRIES LTD

Nomination, Remuneration and Evaluation Policy

Criteria for determining qualifications, positive attributes and independence of Directors

The Nomination and Remuneration Committee (NRC) has formulated the criteria for determining qualifications, positive attributes and independence of Directors in terms of provisions of the Companies Act, 2013 (“the Act”) and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

Independence: A Director will be considered as an ‘Independent Director’ if he / she met with the criteria for ‘Independent Director’ as laid down in the Act and the Listing Regulations.

Qualifications: A transparent Board nomination process is in place that encourages diversity of thought, experience, knowledge, perspective, age and gender. It is also ensured that the Board has an appropriate blend of functional and industry expertise. While recommending the appointment of a Director, the NRC considers the manner in which the function and domain expertise of the individual will contribute to the overall skill-domain mix of the Board.

Positive Attributes: In addition to the duties as prescribed under the Act, the Directors on the Board of the Company are also expected to demonstrate high standards of ethical behavior, strong interpersonal and communication skills and soundness of judgment. Independent Directors are also expected to abide by the ‘Code for Independent Directors’ as outlined in Schedule IV to the Act.

A. Nomination, Remuneration and Evaluation Policy for Directors, Key Managerial Personnel and Others

1. Objective:

The Nomination, Remuneration and Evaluation policy (the Policy) is in compliance with Section 178 of the Act, read along with the applicable rules thereto and the Listing Regulations

The Main objectives of the policy are as follows:

- 1.1. Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, remain and motivate, to run the Company successfully.
- 1.2. Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.
- 1.3. Ensuring that remuneration involves a balance between fixed and incentives pay reflecting short- and long-term performance objectives appropriate to the working of the Company and its goals.
- 1.4. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 1.5. To achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management.

2. Scope:

This Policy applies to the Board of Directors (“the Board”), Key Managerial Personnel (“the KMP”) and the Senior Management personnel of Seya Industries Ltd.

This policy sets out guiding principles for the remuneration and nomination committee for recommending to the Board the remuneration of the Directors, Key Managerial Personnel and other employees of the Company.

3. Definition:

- 3.1. “Director” means a Director appointed to the Board of the Company.

3.2. “Key Managerial Personnel”

- 3.2.1.** The Chief Executive Officer or the Chairman or the Managing Director or the Manager
- 3.2.2.** The Company Secretary
- 3.2.3.** The Whole Time Director
- 3.2.4.** The Chief Financial Officer and
- 3.2.5.** Such other officer as may be prescribed under the Companies Act, 2013

3.3. “Nomination and Remuneration Committee” means the committee constituted by the Company’s Board in accordance with the provisions of the Act, 2013 and Listing Regulations.

3.4. “Senior Management” mean personnel of the Company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the executive directors including all functional heads.

4. Accountability:

- 4.1.** The Board is ultimately responsible for the appointment of Directors and Key Managerial Personnel.
- 4.2.** The Board has delegated responsibility for assessing and selecting the candidates for the role of Directors, Key Managerial Personnel and the Senior Management of the Company to the Nomination and Remuneration committee which makes recommendations & nominations to the Board.

5. Role of Nomination and Remuneration committee:

- 5.1.** Reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on regular intervals and making recommendations on any proposed changes to the Board to complement the Company’s corporate strategy, with the objective to diversify the Board;
- 5.2.** Identifying individuals suitably qualified to be appointed as the KMPs or in the senior management of the Company;
- 5.3.** To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- 5.4.** To carry out evaluation of Director’s performance and recommend to the Board appointment / removal based on his / her performance.
- 5.5.** Making recommendations to the Board on the remuneration payable to the Directors/ KMPs/Senior Officials so appointed/reappointed;
- 5.6.** To make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- 5.7.** Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks,
- 5.8.** To devise a policy on Board Diversity;
- 5.9.** To develop a succession plan for the Board and to regularly review the plan;

6. Membership:

- 6.1.** The Committee shall consist of minimum three (3) non-executive directors, majority of them being independent.

- 6.2. Minimum two (2) members shall constitute a quorum for the committee meeting.
- 6.3. Membership of the Committee shall be disclosed in the Annual Report.
- 6.4. Terms of Committee shall be continued unless terminated by the Board of Directors.

7. Chairmanship:

- 7.1. Chairman of the Committee shall be Independent Director.
- 7.2. Chairman of the Company shall be appointed as a member of the Committee but shall not be a chairman of the Committee.
- 7.3. In the absence of the chairman, the members of the committee present at the meeting shall choose one amongst them to act as chairman.
- 7.4. Chairman of the Committee meeting could be present at the Annual general meeting of the Company or may nominate some other member to answer the shareholders queries.

8. Frequency of the Meetings:

The meeting of the committee shall be held at such regular intervals as may be required.

9. Committee Member's interests:

- 9.1. A member of the committee is not entitled to be present at the meeting when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- 9.2. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

10. Secretary:

The Company Secretary of the Company shall act as a Secretary to the committee

11. Voting:

- 11.1. Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

11.2. In case of equality of votes, the chairman of the meeting will have a casting vote.

12. Term / Tenure:

12.1. Managing Director / Whole time Director

The Company shall appoint or re-appoint any person as its Managing Director or whole-time director for a term of not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

12.2. Independent Director:

12.2.1. An Independent Director shall hold office for a term upto 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 Board's Report shall be made.

12.2.2. No Independent Director shall hold office for more than two consecutive term of upto maximum of 5 years each, but such independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

- 12.2.3.** 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, whether directly or indirectly
- 12.2.4.** 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 of a listed company or such other number as may be prescribed under the Act.

13. 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.

14. Appointment of Directors / KMPs / Senior Management Personnel:

Enhancing the competencies of the Board and attracting as well as retaining talented employees for the role of KMP / a level below KMP are the basis for the Nomination and Remuneration Committee to select a candidate for appointment to the Board. When recommending a candidate for appointment, the Nomination and Remuneration committee has regard to:

- 14.1** assessing 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;
- 14.2** 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
- 14.3** the skills and experience that the appointee brings to the role of KMP/Senior Official and how an appointee will enhance the skill sets and experience of the Board as a whole;
- 14.4** 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;
- 14.5** Personal Specification:
- Degree holder in relevant disciplines;
 - Experience of Management in 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.

15. Duties:

- 15.1** Ensure that there is an appropriate induction & training program in place for new Directors and reviewing its effectiveness;
- 15.2** Ensure that on appointment to the Board, Non-executive Directors receive a formal letter of appointment in accordance with the guidelines provided under the Act;
- 15.3** Identify and recommend Directors who are to be put forward for retirement by rotation.
- 15.4** Determine the appropriate Size, diversity and composition of the Board;

- 15.5** Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- 15.6** Evaluate the performance of the Board members and Senior Management in the context of the Company's Performance from business and Compliance prospective;
- 15.7** Make recommendation to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- 15.8** Recommend any necessary changes to the Board.
- 15.9** Considering any other matters as may be requested by the Board;
- 15.10** To consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- 15.11** 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.

16. Remuneration of Directors, Key Managerial Personnel and Senior Management:

- (i) The guiding principal is that the level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate Directors, Key Management Personnel and other senior officials. The Directors, Key Management Personnel and other senior official's salary shall be based and determined on the individual person's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any.
- (ii) The Nominations & Remuneration Committee determines individual remuneration packages for Directors, KMPs and Senior Officials 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 and when it deems appropriate.
- (iii) The Board on recommendation of Nomination and Remuneration Committee shall review and approve the remuneration payable to the Executive Directors of the Company within the overall limits approved by the shareholders.
- (iv) The Board, on the recommendation of the Nomination and Remuneration Committee shall also review and approve the remuneration payable to the Key Managerial Personnel of the Company. The remuneration payable to the Key Managerial Personnel and the Senior Management shall be as may be decided by the Board having regard to their experience, leadership abilities, initiative taking abilities and knowledge base.

16.1. Remuneration to Executive Directors:

Basic Compensation (Fixed Salaries)

Basic compensation 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 and remuneration committee may in its discretion structure any portion of remuneration to link rewards to corporate and individual performance, fulfillment 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.

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

16.2. Remuneration to Non-Executive Directors:

The Board on recommendation of Nomination and Remuneration committee shall review and approve the remuneration payable to the Non-Executive Directors of the Company within the overall limits approved by the shareholders.

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.

16.3. Remuneration to other Employees:

Employees may be assigned grades according to their qualification and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

17. Evaluation / Assessment of Directors / KMPs / Senior Management personnel of the Company:

17.1. The evaluation/assessment of the Directors, KMPs and the senior officials of the Company is to be conducted yearly or at such intervals as may be considered necessary and to satisfy the requirements of the Listing Regulations.

17.2. The following criteria may assist in determining how effective the performances of the Directors/KMPs/Senior officials have been:

- Leadership & stewardship abilities;
- Contributing to clearly define corporate objectives & plans;
- Communication of expectations & concerns clearly with subordinates;
- Obtain adequate, relevant & timely information from external sources;
- Review & approval 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, senior officials;
- 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
- Any other parameter which committee may feel appropriate from time to time to evaluate the performance of the Directors / KMPs / Senior Management Personnel.

17.3. 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.

17.4. 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.

17.5. Positive Attributes:

In addition to the duties as prescribed under the Act, the Directors on the Board of the Company are also expected to demonstrate high standards of ethical behavior, strong interpersonal and communication skills and soundness of judgment. Independent Directors are also expected to abide by the 'Code for Independent Directors' as outlined in Schedule IV to the Act.

18. Amendment to the Policy:

18.1. The Board of Directors on its own and / or as per the recommendation of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

18.2. In case of any amendment(s), clarification(s), circular(s) etc issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then the such amendment(s), clarification(s) or circular(s) **etc.** shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under the amendment(s), clarification(s) or circular(s) etc.