

## REMUNERATION POLICY

### 1. Purpose of this Policy:

Sudarshan Chemical Industries Limited ("SUDARSHAN" or the "Company") has adopted this Policy on appointment and remuneration of the Directors, Key Managerial Personnel (KMP) and Senior Management (the "Policy") as required by the provisions of Section 178 of the Companies Act, 2013 (the "Act") and the provisions of SEBI, Listing Agreement.

The purpose of this Policy is to establish and govern the procedure applicable:

- a. To evaluate the performance of the members of the Board.
- b. To ensure remuneration to Directors, KMP 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.
- c. To retain, motivate and promote talent and to ensure long-term sustainability of talented managerial persons and create competitive advantage.

The Committee should 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 and the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

### 2. Definitions:

Independent Director means a director referred to in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations, 2015 as amended from time to time.

Key Managerial Personnel (the "KMP") shall mean "Key Managerial Personnel" as defined in Section 2(51) of the Act.

Nomination and Remuneration Committee shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act and Regulation 19(1)(b) of the SEBI Listing Regulations, 2015.

"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.

"Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all the members of Management one level below the Executive Directors, including all Functional Heads.

Words and expressions used and not defined in this Policy, but defined in the Act or any rules framed under the Act or the Securities and Exchange Board of India Act, 1992 and Rules and Regulations framed there under or in the Regulation 19(4) - Part D of Schedule II of the SEBI Listing Regulations, 2015 or the Accounting Standards shall have the meanings assigned to them in these regulations.

### 3. Composition of the Committee:

The composition of the Committee is / shall be in compliance with the Act, Rules made there under and SEBI, Listing Regulations, 2015, as amended from time to time.

#### 4. Role of the Committee:

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this Policy;
- Lay down the evaluation criteria for performance evaluation of Independent Director and the Board;
- Recommend to the Board, appointment, remuneration and removal of Director, KMP and Senior Management;
- Devise a Policy on Board diversity.

#### 5. Appointment and removal of Director, KMP and Senior Management:

##### 5.1 Appointment criteria and qualification:

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director in terms of Diversity Policy of the Board and recommend to the Board his / her appointment. For the appointment of KMP (other than Managing / Wholetime Director) or Senior Management, a person should possess adequate qualification, expertise and experience for the position he / she is considered for the appointment. Further, for administrative convenience, the appointment of KMP (other than Managing / Wholetime Director) or Senior Management, the Managing Director is authorised to identify and appoint a suitable person for such position. However, if need be, the Managing Director may consult the Committee / Board for further directions / guidance.

##### 5.2 Term:

The Term of the Directors including Managing / Wholetime Director / Independent Director shall be governed as per the provisions of the Act and Rules made there under and SEBI Listing Regulations, 2015, as amended from time to time. Whereas the term of the KMP (other than the Managing / Wholetime Director) and Senior Management shall be governed by the prevailing HR policies of the Company.

##### 5.3 Evaluation:

The Committee shall identify evaluation criteria which will evaluate Directors based on knowledge to perform the role, time and level of participation, performance of duties, level of oversight, professional conduct and independence. The appointment / re-appointment / continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process. Framework for performance evaluation of Independent Directors and the Board is as per Annexure A to this Policy.

##### 5.4 Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable

Act, Rules and Regulations there under and / or for any disciplinary reasons and subject to such applicable Acts, Rules and Regulations and the Company's prevailing HR policies, the Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director, KMP or Senior Management.

#### 6. Remuneration of Managing / Whole-time Director, KMP and Senior Management:

The remuneration / compensation / commission, etc., as the case may be, to the Managing / Wholetime Director will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission, etc., as the case may be, shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required and shall be in accordance with the provisions of the Act and Rules made there under. Further, the Managing Director of the Company is authorised to decide the remuneration of KMP (other than Managing / Wholetime Director) and Senior Management, and which shall be decided by the Managing Director based on the standard market practice and prevailing HR policies of the Company.

#### 7. Remuneration to Non-Executive / Independent Director:

The remuneration / commission / sitting fees, as the case may be, to the Non-Executive / Independent Director, shall be in accordance with the provisions of the Act and the Rules made there under for the time being in force or as may be decided by the Committee / Board / Shareholders. An Independent Director shall not be entitled to any stock option of the Company unless otherwise permitted in terms of the Act and SEBI Listing Regulations, 2015, as amended from time to time.

### **Annexure A to Remuneration Policy**

#### Framework for performance evaluation of Independent Directors and the Board

As per the provisions of Listing Regulations, 2015, the Nomination and Remuneration Committee (the "Committee") shall lay down the evaluation criteria for performance evaluation of Independent Directors and the Board. Further, in terms of Listing Regulations, 2015, the Board is required to monitor and review Board Evaluation Framework. This Framework shall contain the details of Board's self-evaluation framework (including all Committees of the Board and individual directors).

The Board is committed to assessing its own performance as a Board in order to identify its strengths and areas in which it may improve its functioning. To that end, the Committee shall establish the following processes for evaluation of performance of Independent Director and the Board:

1. Once a year, the Board will conduct a self-evaluation. It is the responsibility of the Chairman of the Board, supported by the Company Secretary of the Company, to organise the evaluation process and act on its outcome;
2. The Committee shall formulate evaluation criteria for the Board and the Independent Directors which shall be broadly based on:
  - 2.1 Knowledge to perform the role;
  - 2.2 Time and level of participation;
  - 2.3 Performance of duties and level of oversight; and
  - 2.4 Professional conduct and independence.

3. The Board / Independent Directors shall be asked to complete the evaluation forms and submit the same to the Chairman.
4. The evaluation of independent directors shall be done by the entire board of directors which shall include -
  - (a) performance of the directors; and
  - (b) fulfillment of the independence criteria as specified in these regulations and their independence from the management.Provided that in the above evaluation, the directors who are subject to evaluation shall not participate.

PUNE  
27<sup>TH</sup> MARCH, 2019