

#### A. Introduction

This Policy on Nomination, Appointment and Remuneration of Directors, Key Managerial Personnel, Senior Management and Other Employees has been formulated and amended from time to time in accordance with the provisions of Section 178 of the Companies Act, 2013 (the Act) and the Listing Regulations by the Nomination and Remuneration Committee of the Directors of the Company.

#### B. Definitions

Directors:	Directors (other than Managing Director(s) and Whole-time Director(s)) appointed under the provisions of the Companies Act, 2013 and rules made thereunder.
Key Managerial Personnel	Managing Director(s), Whole-time Director(s), Chief Executive Officers of the businesses of the Company reporting to the Managing Director, Chief Financial Officer and Company Secretary.
Senior Management	The officers and personnel who are members of the core management team, excluding the Board of Directors, and also comprise all the members of the management one level below the Managing Director and shall specifically include the functional heads, by whatever name called and the persons identified and designated as key managerial personnel, other than the board of directors, by the listed entity
Other Employees	Employees other than Key Managerial Personnel and Senior Management.

The terms “He” or “his” as mentioned in this Policy includes any gender.

#### C. Terms of Reference

The Board of Directors of the Company at its meeting held on 9th May, 2014 reconstituted the existing Remuneration Committee of Directors as “Nomination and Remuneration Committee” of Directors (the Committee). The terms of reference the Committee are as follows :-

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director.
- Formulation of criteria for evaluation of performance of Independent Directors and the Board.
- Devising a policy on Board diversity.
- Formulation of policies for remuneration to Directors, Key Managerial Personnel, Sr. Management and Other Employees.
- Identification and recommendation to Board of persons who are qualified to become Directors, Key Managerial Personnel and Sr. Management in accordance with the criteria laid down.
- Recommend to the Board on appointment and removal of Directors, Key Managerial Personnel and Sr. Management .
- Evaluation of the performance of Directors (other than independent directors).
- Evaluation of the performance of independent directors and make recommendations to Board.
- To oversee succession planning for Board of Directors, Key Managerial Personnel and Senior Management .
- Formulation of criteria for making payment to non-executive Directors.
- Recommend to the board, all remuneration, in whatever form, payable to senior management.

#### **D. Criteria for recommending a person to become Director**

The Committee shall take into consideration the following criteria of qualification, positive attributes and independence for recommending to the Board for appointment of a Director:-

**1. Qualification & Experience**

The incumbent shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales & marketing, operations, research, corporate governance, education, community service or other disciplines.

**2. Attributes/Qualities**

The incumbent Director shall possess one or more of the following attributes/qualities :-

<b>Industry knowledge/experience</b>	<b>Technical skills/experience</b>	<b>Behavioural Competencies</b>
a) Consulting Experience	a) Accounting and finance	a) Integrity and ethical standards
b) Manufacturing Industry experience	b) Industrial Engineers	b) Mentoring abilities
c) Understanding of relevant laws, rules, regulation and policy	c) Talent Management	c) Critical thinking
d) Analyzing Business Problems	d) Compliance and risk	d) Strategic Planning
e) Adapting to changing Business Conditions	e) Devising plans for New Business	e) Entrepreneurial & Commercial Acumen
f) Recommending cost-cutting measures	f) Proposing solutions to Business Problems	f) Analytical Decision Making
g) Recommending Process Improvements	g) Innovation	g) Customer Centricity h) Leading Change i) Leading People

3. In case the proposed appointee is an Independent Director, he should fulfill the criteria for appointment as Independent Director as per the provisions of the Act, Listing Regulations and other applicable laws and regulations.
4. The incumbent should not be disqualified for appointment as a Director pursuant to the provisions of the Act or other applicable laws & regulations.

#### **E. Directors' Remuneration**

The Committee will approve the fixed remuneration to Executive Directors subject to the provisions of the Act, Listing Regulations and other applicable laws & regulations. Commission to the Executive Directors, if any, will be recommended by the Committee to the Board for approval. The Committee/Board shall periodically review the remuneration of such Directors in relation to other comparable companies and other factors like performance of the Company etc. as deemed appropriate.

The Committee will recommend to the Board appropriate fees / commission to the non-executive directors for its approval. The Committee / Board shall inter alia, consider level of remuneration /commission payable by other comparable companies, time devoted, experience, providing guidance on strategic matters and such other factors as it may deem fit.



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**F. Evaluation**

Performance evaluation of Executive Directors, Non-executive & Non Independent Directors, Independent Directors, Board as a whole, Board Committees and their members and Chairman shall be carried out in following manner:

- a) **Performance evaluation of all individual Directors:** It shall be done annually by the Nomination and Remuneration Committee (NRC) as per the structure of performance evaluation (as per Annexure I & II & III). The outcome of the evaluation shall be shared by the Chairman of NRC with the Board.
- b) **Performance evaluation of Independent Directors:** It shall be done, annually and at the time of their re-appointment, by NRC for recommending to the Board whether to extend or continue the term of appointment of independent directors. Based upon the recommendations of the NRC, the Board of Directors shall decide to continue their appointment or consider them for reappointment.

The performance evaluation of independent directors, in addition to feedback received from NRC, shall be done by the entire Board of Directors, excluding the director being evaluated as per the structure of performance evaluation (as per Annexure II).

- c) **Performance evaluation of Non-Executive & Non- Independent Directors:** It shall be done annually by NRC for recommending to the Board whether to extend or continue the term of appointment of non-executive & non-independent Directors.

The performance evaluation of **Non-Executive & Non- Independent** directors, in addition to feedback received from NRC, shall be done by the entire Board of Directors, excluding the director being evaluated as per the structure of performance evaluation (as per Annexure III).

- d) **Performance evaluation of the Board of Directors:** Board shall evaluate its own performance on criteria as specified in annexure IV.
- e) **Performance evaluation of Board Committees:** The Board shall review the performance of all its committees annually on criteria for evaluation as specified in annexure V.
- f) **Performance evaluation of Chairman:** The Board shall review the performance of Chairman annually on criteria for evaluation as specified in annexure VI.
- g) **Performance evaluation by independent directors at their separate meeting:** The Independent Directors in their separate meeting shall review performance of non-independent directors, Board as a whole, the Chairman of the company, taking into account the views of executive directors and non-executive directors.

The Chairman of meeting of Independent Directors or one selected by independent Directors shall share outcome of their abovementioned evaluations with the Chairman of the Board.

Chairman of the Board shall be responsible for giving feedback as and when required as a result of performance evaluation above and guide on preparation of a suitable action plan, if required.

**G. Board Diversity**

The Committee will review from time to time Board diversity to bring in professional experience in different areas of operations, transparency, corporate governance, financial management, risk assessment & mitigation strategy, education, community service and human resource management in the Company. The Committee will keep succession planning and

Board diversity in mind in recommending any new name of Director for appointment to the Board.

**H. Eligibility criteria & Remuneration of Key Managerial Personnel, Senior Management and Other Employees**

The eligibility criteria for appointment of Key Managerial Personnel, Senior Management and Other Employees shall be in accordance with the job description of the relevant position.

In particular, the position of Key Managerial Personnel should be filled by senior having relevant qualifications and experience.

**Remuneration Structure**

i) **Key Managerial Personnel and Senior Management**,

The remuneration structure for Key Managerial Personnel and Senior Management shall be decided taking into account factors such as level of experience, qualification, performance and suitability which shall be reasonable and sufficient to attract, retain and motivate them.

Nomination and Remuneration Committee shall recommend to the Board the remuneration/remuneration structure for senior management every year.

ii) **Other Employees**

The remuneration for the Other Employees is determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity and market conditions and his/her last drawn remuneration in the previous organization.

The various remuneration components, basic salary, allowances, perquisites etc. may be combined to ensure an appropriate and balanced remuneration package.

The annual increments to the remuneration paid to the employees shall be determined based on the appraisal carried out by the respective reporting managers/HODs of various departments as ratified by Business Leadership Teams/Corporate Leadership Team (as applicable). Decision on Annual Increments shall be made on the basis of this appraisal. The remuneration would be benchmarked intermittently with a basket of identified companies comparable to SRF.

At the same time, the increments are largely fixed for Bands. In case, a specific correction is to be brought about for a particular employee or group of employees, rationalization on a one time basis may also be carried out.

The remuneration may consist of fixed and incentive pay/retention bonus reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The aforesaid Key Managerial Personnel, Senior Management and Other Employees may also be provided any facility, perquisites, commission, accommodation, interest free loans or loans at concessional rate in accordance with the policies framed for them or any category thereof.

However loan to the Directors who are KMPs shall be governed by such approvals as may be required by the Companies Act, 2013.



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**Annexure - I**

**Performance Evaluation of Executive Directors**

**Name of Director :**

**Type of Directorship :** **Executive Director**

Assessment of the following Roles/Attributes as performed by or observed in the Director whose performance is under evaluation:

Please rate each criteria on the scale of 1 (poor) - 5 (Excellent)

(1 – Poor)	(2-Fair)	(3-Good)	(4-Very Good)	(5-Excellent)
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S. No.	Particulars/Role/Attribute	Rating (1,2, 3,4,5)
1.	Attendance and participation in meetings of the Board of Directors and of the Board Committees	
2.	Advises Board on implementation of good corporate governance practices	
3.	Exercised his/her duties with integrity, due care, skill and diligence	
4.	Acted in good faith and in the best interests of the Company towards promotion of interest of the stakeholders	
5.	Conduct in compliance with the policies of the Company viz. Code of Conduct, Code of Conduct for Prevention of Insider Trading, Whistle blower Policy etc.)	
6.	Ensures compliance with applicable laws/ statutory obligations in the functioning of the Company	
7.	Enhances Brand Equity	
8.	Encourages new initiatives/expansion/innovation	
9.	Encourages adherence to the principles of Quality, Cost, Delivery and safety (QCDS)	
10.	Resolves Investor complaints	
11.	Ensures talent retention	
12.	Encourages awards & recognitions	
13.	<b>Overall Performance (Remarks)</b>	

Name of Director : .....

Signature : .....

Date & Place : .....



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**Annexure - II**

**Performance Evaluation of Independent Directors**

**Name of Director :**

**Type of Directorship : Independent Director**

Assessment of the following Roles/Attributes as performed by or observed in the Director whose performance is under evaluation:

Please rate each criteria on the scale of 1 (poor) - 5 (Excellent)

(1 – Poor)	(2-Fair)	(3-Good)	(4-Very Good)	(5-Excellent)
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S. No.	Particulars/Role/Attribute	Rating (1,2, 3,4,5)
1.	Attendance and participation in meetings of the Board of Directors and of the Board Committees	
2.	Independent Directors have sufficient knowledge of Company strategy and objective and can monitor performance.	
3.	Advises on implementation of good corporate governance practices.	
4.	Whether knowledge and experience of the Independent Directors have been adequately and productively used for the functioning of Board.	
5.	Independent Directors make efforts for professional development to enable better fulfilment of their responsibilities.	
6.	Independent in judgement and actions	
7.	Exercised his/her duties with integrity, due care, skill and diligence	
8.	Acted in good faith and in the best interests of the Company towards promotion of interest of the stakeholders	
9.	Conduct in compliance with the policies of the Company viz. Code of Conduct, Code of Conduct for Prevention of Insider Trading, Whistle blower Policy etc.)	
10.	Fulfilment of the independence criteria as specified in Listing Regulations and other applicable laws and their independence from the management	
11.	<b>Overall Performance (Remarks)</b>	

Name of Director : .....

Signature : .....

Date & Place : .....



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**Annexure - III**

**Performance Evaluation of Non-executive & Non-Independent Directors**

**Name of Director :**

**Type of Directorship : Non- Executive & Non-Independent Director**

Assessment of the following Roles/Attributes as performed by or observed in the Director whose performance is under evaluation:

Please rate each criteria on the scale of 1 (poor) - 5 (Excellent)

(1 – Poor)	(2-Fair)	(3-Good)	(4-Very Good)	(5-Excellent)
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S. No.	Particulars/Role/Attribute	Rating <b>(1,2, 3,4,5)</b>
1.	Attendance and participation in meetings of the Board of Directors and of the Board Committees	
2.	Non-Executive & Non-Independent Directors have sufficient knowledge of Company strategy and objective and can monitor performance.	
3.	Advises on implementation of good corporate governance practices.	
4.	Whether knowledge and experience of the Non-Executive & Non-Independent Directors have been adequately and productively used for the functioning of Board.	
5.	Non-Executive & Non-Independent Directors make efforts for professional development to enable better fulfilment of their responsibilities.	
6.	Exercised his/her duties with integrity, due care, skill and diligence	
7.	Acted in good faith and in the best interests of the Company towards promotion of interest of the stakeholders	
8.	Conduct in compliance with the policies of the Company viz. Code of Conduct, Code of Conduct for Prevention of Insider Trading, Whistle blower Policy etc.)	
9.	<b>Overall Performance (Remarks)</b>	

Name of Director : .....

Signature : .....

Date & Place : .....



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**Annexure - IV**

**PERFORMANCE EVALUATION OF THE BOARD**

Assessment of the following Roles/Attributes as observed in the Board as a whole:

Please rate each criteria on the scale of 1 (poor) - 5 (Excellent)

(1 – Poor)	(2-Fair)	(3-Good)	(4-Very Good)	(5-Excellent)
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S. No.	Particulars/Role/Attribute	Rating (1,2,3,4,5)
	<b>Composition and Quality</b>	
1.	The Company has Diverse Board.	
2.	The Board monitors compliance with corporate governance norms and other laws applicable to the Company.	
	<b>Understanding Business including Risks</b>	
3.	The Company's management and internal control system is periodically reviewed for appropriateness and relevance.	
	<b>Process and Procedure</b>	
4.	The structure and content of the Board meeting agendas are appropriate.	
5.	Board meetings are conducted effectively, with sufficient time spent on significant or emerging points.	
6.	The agenda and related information are circulated in advance of the meetings to allow Board members sufficient time to study and understand the information.	
	<b>Oversight of Financial Reporting process including Internal Controls and Audit Functions</b>	
7.	The Board considers the quality and appropriateness of financial accounting and reporting including transparency of disclosures.	
8.	The Board appropriately considers the suggestions from the Audit Committee, internal audit reports, management's responses, risk framework and steps toward improvement.	
9.	The Board through Audit Committee reviews material related party transactions.	
	<b>Ethics and Compliance</b>	
10.	The Board is fully aware of the Company's code of conduct and has a well-developed sense of ethics.	
	<b>Monitoring Activities</b>	
11.	An annual performance evaluation of the Board is conducted and any matters that require follow-up are resolved and presented to the Board.	
12.	<b>Overall Performance (Remarks)</b>	

Name of Director : .....

Signature : .....

Date & Place : .....



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**Annexure - V**

**PERFORMANCE EVALUATION OF THE COMMITTEES**

Assessment of the following Roles/Attributes as observed in the Committees:

Please rate each criteria on the scale of 1 (poor) - 5 (Excellent)

(1 – Poor)	(2-Fair)	(3-Good)	(4-Very Good)	(5-Excellent)
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S. No.	Particulars/Role/Attribute	Rating (1,2, 3,4,5)
1.	The Committee(s) composition is/ are appropriate	
2.	The Committee(s) has/ have a defined agenda.	
3.	Members of the Committee(s) receive agenda in sufficient time which permits them to effectively consider issues to be dealt with.	
4.	The mandate of the Board to the Committee(s) of all matters are clear and adequate.	
5.	The Committee(s) allocate(s) the right amount of time for its discussions.	
6.	The minutes of the Committee(s) are placed before the Board on a regular basis.	
7.	Appropriate internal and external support or resources are available to the Committee(s).	
8.	Overall Performance (Remarks)	

Name of Director : .....

Signature : .....

Date & Place : .....

**Annexure - VI**

**PERFORMANCE EVALUATION OF CHAIRMAN**

Assessment of the following Roles/Attributes as observed in the Chairman:  
Please rate each criteria on the scale of 1 (poor) - 5 (Excellent)

(1 – Poor)	(2-Fair)	(3-Good)	(4-Very Good)	(5-Excellent)
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S. No.	Roles/Attributes	Rating (1,2, 3,4,5)
1.	Chairman demonstrates effective leadership qualities and skills	
2.	Implementation of observations/recommendations of Board Members	
3.	Effective and timely resolution of grievances of Board Members	
4.	Ability to bring convergence in case of divergent views and conflict of interest situation tabled at Board meetings	
5.	<b>Overall Performance (Remarks)</b>	

Name of Director : .....

Signature : .....

Date & Place : .....