



# 33 Annual Report 2017 - 18



<b>BOARD OF DIRECTORS</b>	SHRI KISHAN N PARIKH SMT SHARDA RELAN SHRI AJAY RELAN SHRI ROHIT RELAN SHRI R. P. CHOWDHRY PROF. ASHOK KUMAR BHATTACHARYA SHRI SATINDER KUMAR LAMBAH SHRI BIRESWAR MITRA	Chairperson Co-Chairperson Managing Director & CEO Director Director Director Director Executive Director
<b>CHIEF FINANCIAL OFFICER</b>	SHRI VIVEK BHATIA	
<b>COMPANY SECRETARY</b>	SHRI NITIN VISHNOI	
<b>AUDITORS</b>	<b>STATUTORY AUDITORS</b> M/s. S. R. DINODIA & CO. LLP (till 32 AGM dt. 30 Aug., 2017) M/s. GUPTA VIGG & CO. (32 AGM dt. 30 Aug., 2017 onwards) CHARTERED ACCOUNTANTS  <b>SECRETARIAL AUDITORS</b> M/s. VKC & ASSOCIATES COMPANY SECRETARIES  <b>COST AUDITORS</b> M/s. GURDEEP SINGH & ASSOCIATES COST ACCOUNTANTS	
<b>BANKERS</b>	YES BANK IDFC BANK KOTAK MAHINDRA BANK HDFC BANK STATE BANK OF INDIA CITI BANK CTBC BANK	
<b>REGISTERED OFFICE</b>	D-188, OKHLA INDUSTRIAL AREA, PHASE - I, NEW DELHI - 110 020 WEBSITE: WWW.SHARDAMOTOR.COM E-MAIL: INVESTORRELATIONS@SHARDAMOTOR.COM Tel.: +91 11 4733 4100 Fax: +91 11 2681 1676 CIN: L74899DL1986PLC023202	

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## CONTENTS

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Message of Managing Director .....	02
Directors' Report .....	09
Report on Corporate Governance.....	34
Management Discussion & Analysis Report .....	45
Standalone Financial Statements .....	47
Consolidated Financial Statements .....	102

## Managing Director's Message

Dear Valued Shareholders,

Fiscal year 2017-18 has been a year of positive sentiments for the Indian economy which can be clearly measured from the economic perspective of implementation of Goods and Service Tax Law and its streamlining. The Gross Domestic Product (GDP) remains at 7.0% i.e. highest among other countries, making it fastest growing economy in the world.

Indian automotive industry ("Industry") has registered over 12 Per Cent Growth for FY 2018, achieving a milestone, apart from passing through a challenging phase of transformation from BS-IV to BS-VI emission norms. Further the Company is also keeping a track on the advancement on Government's policy towards the electric vehicle, which demands more clarities over certain issues.

Your Company is walking on the footprints of Shri N.D. Relan, who left for his heavenly abode on 2nd June, 2016, with his vision and inspiration of trust, determination and excellence, the Company has shown a committed future growth of approx 51% in profits before tax in line with the highest level of integrity and nurturing long term relationships with all the stakeholders.



**AJAY RELAN**

It has always been the focus of the management of the Company to increase the shareholder's wealth with every passing year while being a socially responsible citizen. In the coming fiscal year we look ahead to excel in the product quality area with increased focus on research & development.

Finally, on behalf of all the directors and management of the Company, I would like to take this opportunity to thank our dedicated and motivated employees who are the greatest asset of the Company and who have with their passion, hard work and commitment taken it to this level. I would also thank all our customers, suppliers, bankers and stakeholders for reposing their confidence and faith in the Company.

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Thirty three (33) Directors' Report on the business and operations of the Company together with the financial statements for the financial year ended on 31<sup>st</sup> March, 2018.

### FINANCIAL SUMMARY

(Rs. in Lakhs)

Particular	Standalone		Consolidated	
	Year Ended 31 <sup>st</sup> March, 2018	Year Ended 31 <sup>st</sup> March, 2017	Year Ended 31 <sup>st</sup> March, 2018	Year Ended 31 <sup>st</sup> March, 2017
Revenue from operations	120,425.88	122,538.86	120,425.88	122,538.86
Other Income	1,780.30	1,385.78	1,699.30	1,304.78
<b>Total Revenue</b>	<b>122,206.18</b>	<b>123,924.64</b>	<b>122,125.18</b>	<b>123,843.64</b>
<b>Profit before Financial Charges, Depreciation</b>	<b>21,205.65</b>	<b>32,718.21</b>	<b>21,124.64</b>	<b>32,637.22</b>
Less : Financial Costs	213.00	759.57	213.00	759.57
Less : Excise duty	4,881.31	18,350.35	4881.31	18,350.35
<b>Profit before Depreciation, Exceptional Items &amp; Taxes</b>	<b>16,111.34</b>	<b>13,608.29</b>	<b>16,030.33</b>	<b>13,527.30</b>
A. Depreciation	4,377.89	4,979.38	4,377.89	4,979.38
B. Exceptional items	58.73	915.27	58.73	915.27
Taxation				
– Current Tax	4,088.59	2,677.43	4,088.59	2,677.43
– Deferred Tax Charged/ (Released)	(274.89)	(639.26)	(274.89)	(639.26)
<b>Profit for the year before share of profit/(loss) of associates and joint ventures</b>	<b>7,861.02</b>	<b>5,675.47</b>	<b>7,780.02</b>	<b>5,594.48</b>
Share of profit/(loss) of associates (net of tax)	-	-	879.32	374.59
Share of profit/(loss) of Joint venture (net of tax)	-	-	137.78	120.49
<b>Profit for the year</b>	<b>7,861.02</b>	<b>5,675.47</b>	<b>8,797.12</b>	<b>6,089.56</b>
Add: Profit brought forward from Previous year	6915.96	2135.11	8936.06	3764.25
Profit available for appropriation	14,776.98	7,810.58	17,733.18	9,853.81
<b>APPROPRIATIONS</b>				
Proposed Dividend	371.64	371.64	371.64	371.64
Tax on Proposed Dividend	75.67	75.67	75.67	75.67
Interim Dividend	371.64	371.64	371.64	371.64
Tax on Interim Dividend	75.67	75.67	75.67	75.67
Transferred to General Reserves	-	-	-	-
Depreciation Adjustment as per Schedule II of Companies Act, 2013	-	-	-	23.14
Balance carried forward to Balance Sheet	13,882.36	6,915.96	16,838.61	8,936.06
Paid-up equity share capital (Face value of Rs. 10/- each)	594.63	594.63	594.63	594.63

The Company has adopted Ind AS with effect from 1st April, 2017 with a transition date of 1st April, 2016. Accordingly the financial statements for the year ended 31st March, 2017 have been re-stated to conform to Ind AS. The reconciliations and descriptions of the effect of the transition from IGAAP to Ind AS have been provided in Note No. 41 (c) of the notes to accounts in the standalone and consolidated financial statements.

**OPERATIONAL PERFORMANCE**

During the year under review, the total revenue from operations and other income was 122,206.18 Lakhs as against Rs.1,23,924.64 Lakhs of previous year, whereas the net sale (i.e. before tax) was 115,544.57 Lakhs as against Rs.104,188.51 Lakhs of previous year, depicting a growth of 11% . Profit before taxation has increased from Rs. 7,713.64 Lakhs to Rs. 11,674.72 Lakhs (increased by approx 51%) during the year. Finance cost has been reduced to Rs. 213 Lakhs from Rs. 759.57 Lakhs. Net Profit after taxes of the company has increased by approx 39% year on year basis.

During the year under review, company has not changed the nature of business.

**DIVIDEND**

Your directors are pleased to recommend a final dividend of Rs 6.25/- per equity share i.e. 62.5% for the year ended 31st March, 2018 out of the current year's profits, in addition to the Interim Dividend of Rs. 6.25/- per equity share i.e. 62.5% already paid for the year, thus making a total Dividend to Rs.12.50/- per equity share i.e. 125% on the paid up equity shares Rs. 10/- each.

Final dividend of Rs.6.25/-per equity share i.e. 62.5%, if approved at the ensuing Annual General Meeting, shall be paid out of the profits of the Company to those share holders whose name appear in the Register of Members on 20th September, 2018.

**DIRECTORS AND KEY MANAGERIAL PERSONNEL**

The existing composition of the Board is fully in conformity with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Further, all the independent directors have given a declaration confirming that they meet the criteria of independence as prescribed under the Companies Act and Listing Regulations.

Pursuant to section 152 of the Companies Act, 2013, Shri Rohit Relan (DIN: 00257572) and Shri Bireswar Mitra (DIN: 06958002), directors of the Company, are liable to retire by rotation at the ensuing Annual General Meeting.

A brief profile of the above mentioned directors seeking appointment/re-appointment at the ensuing Annual General Meeting of the Company has been provided in the Notice of the said meeting.

Number of Board and committee meetings including the date of the meeting and attendance thereof by each director during the year is given in Report on Corporate Governance that forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed under the Companies Act, 2013 and Listing Regulations.

**BOARD LEVEL PERFORMANCE EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, The Board of Directors ("Board") at its meeting held on 26th May, 2018, carried out the performance evaluation of its own performance and that of its committees and individual directors.

The performance of the Board was evaluated after taking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, contribution towards development of the strategy etc.

The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings etc.

The Board of directors, based on the recommendations of Nomination & Remuneration Committee, reviewed the performance of the individual directors, including both independent and non-independent, on the basis of the evaluation criteria like qualification & experience, attendance of directors at Board and committee meetings, conflict of interest, effective participation, integrity, knowledge & competencies, domain knowledge, compliance with code of conduct, independent judgment, vision and strategy etc.

In a separate meeting of independent directors, performance of non-independent directors, performance of the Board as a whole and performance of the Chairperson was evaluated taking into account the views of executive directors and non-executive directors. The same was discussed in the next board meeting held after the meeting of the independent directors, at which the performance of the Board, its committees and individual directors was also discussed.

**NOMINATION, REMUNERATION & EVALUATION POLICY**

The Policy of the Company on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 of the Companies Act, 2013, is appended as Annexure I to this Report.

**AUDIT COMMITTEE**

Audit Committee comprises of three members out of which two are independent directors and one is executive director. Shri Kishan N Parikh, Independent Director, is the Chairperson of the Committee. All three members of committee have adequate financial & accounting knowledge and background. Detailed information regarding the number of committee meetings, terms of reference etc. are provided in the Corporate Governance Report forming part of this annual report. All recommendations of the Audit Committee, whenever made, were accepted by the Board during the financial year 2017-18.

**AUDITORS****Secretarial Auditors**

Pursuant to provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors has appointed M/s. VKC & Associates, Company Secretaries in practice, bearing CP. No. 4548 as Secretarial Auditor of the Company, to conduct Secretarial Audit of the Company for the financial year 2017-18. The Secretarial Audit Report for the financial year ended 31st March, 2018 is annexed herewith marked as Annexure II to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

**Statutory Auditors & Auditors Reports**

Pursuant to the provisions of sections 139 and other applicable provisions of the Act and the Companies (Audit and Auditors) Rules, 2014, M/s. Gupta Vigg & Co., Chartered Accountants (Firm Registration No. 001393N) were appointed by the Members as Statutory

Auditors of the Company, for a term of 5 (five) consecutive years, from the conclusion of the 32nd Annual General Meeting of the Company held on 30th August, 2017 till the conclusion of 37th Annual General Meeting of the Company to be held in year 2022.

Further the Statutory Auditors have confirmed that they are not disqualified from being continued as Statutory Auditors of the Company in terms of the provisions of Section 139(1), Section 141(2) and Section 141(3) of the Act and the other applicable provisions of the Companies (Audit and Auditors) Rules, 2014.

Pursuant to an amendment in Section 139 of the Companies Act, 2013, ratification of appointment of statutory Auditor is no more required at each Annual general Meeting ("AGM"), accordingly the same has not been taken up at this AGM.

During the year under review there was no incident related to fraud which was reported to the Audit Committee or Board of Directors under section 143(12) of the Companies Act, 2013 by the Statutory Auditors of the Company. Hence, no detail is required to be disclosed under Section 134 (3) (ca) of the said Act. The Auditors' Reports (Standalone & Consolidated) to the Shareholders does not contain any qualification, reservation or adverse remarks. The notes on financial Statement referred to in the Auditors' Report are self-explanatory and do not require any further comments.

#### **Cost Auditors & Cost Audit Report**

In terms of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 and based on the recommendation of audit committee, the Board of Directors of the Company has appointed M/s. Gurdeep Singh & Associates, Cost Accountants (holding M.No. 9967) as Cost Auditors of the Company for conducting the cost audit for the Financial Year 2018-19, subject to ratification of remuneration by the members in the ensuing Annual General Meeting. The Company has received a letter from Cost Auditors of the Company to the effect that there, appointment is within the limits prescribed as per the Companies Act, 2013 and are not disqualified from being appointed as Cost Auditors of the Company .

Further the Company has made and maintained all such accounts and cost records, as specified in section 148 of the Companies Act, 2013 read with sub rule (5) of rule 8 of the Companies (Accounts) Rules, 2014.

#### **CORPORATE SOCIAL RESPONSIBILITY**

During the year under review, your company undertook several projects and programmes based on the recommendation of the Corporate Social Responsibility Committee of the Company especially in the area of Education & Healthcare. Your Company is committed towards making a sustainable impact on the society through its CSR projects and programmes in the long term.

Company through its philanthropic arm, Sharda CSR Foundation Trust, has sponsored various projects like Blood Donation Camps, Toilet Construction in the poor rural sectors, Stationary donation and infrastructure development to the low income government schools, blanket distribution to the poor and needy people of slum communities. The Company is moving rapidly towards achieving its goal by increasing the pace of the activities at various levels.

CSR Committee of the Company has identified certain long term projects and programmes which will be focused in the coming years in the area of education & healthcare. These can be implemented through Sharda CSR Foundation Trust or any other implementing agency in the most effective way to reach the society at large.

Details of composition of Committee, no. of meetings, attendance at the meetings, are provided in the Corporate Governance Report forming part of this annual report. Corporate Social Responsibility Policy of the company is available on the website of the Company ([www.shardamotor.com](http://www.shardamotor.com)).

In terms of Section 135 and rules made thereunder an annual report on CSR activities, expenditure, committee composition etc. is provided as Annexure III to the Director's report.

#### **EXTRACT OF ANNUAL RETURN**

In accordance with Section 134(3) (a) of the Companies Act, 2013, an extract of the annual return in the prescribed format is appended as Annexure IV to the Directors' report

#### **PARTICULARS OF EMPLOYEES**

The details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report as Annexure V.

The statement containing details of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this report as Annexure VI.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, are annexed herewith marked as Annexure VII to this Report.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The particulars of Loans, guarantees and investments under section 186 have been disclosed in the financial statements.

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

The particulars of contracts or arrangements with related parties referred to in section 188(1) of the Companies Act, 2013, in Form AOC - 2 are appended as Annexure VIII forming part of this report.

#### **CORPORATE GOVERNANCE**

We strive to attain high standards of corporate governance while dealing with all our stakeholders and have complied with all the mandatory requirements relating to Corporate Governance as stipulated in Para C of Schedule V of Listing Regulation. The "Report on Corporate Governance" forms an integral part of this report and is set out as separate section to this annual report. A certificate from M/s. Gupta Vigg & Co., Chartered Accountants, the statutory auditors of the Company, certifying compliance with the conditions of corporate governance stipulated in Para E of Schedule V of Listing Regulations is annexed with the report on corporate governance.



**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(2)(e) read with Para B of Schedule V of the Listing Regulation, is presented in a separate section forming part of this Annual Report.

**VIGIL MECHANISM**

The Company has a vigil mechanism for directors and employees to report their genuine concerns. Vigil Mechanism / Whistle Blower policy is available on the Company's website [www.shardamotor.com](http://www.shardamotor.com).

**PUBLIC DEPOSITS**

The Company has not accepted any deposits from the public covered under chapter V of the Companies Act, 2013 during the year under review and no amount was outstanding as on the date of Balance Sheet.

**MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

No material changes and commitments, which affect the financial position of the Company, have occurred between the end of the financial year under review and the date of this report.

**THE DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS**

During the year under review, no significant and material orders have been passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

However, during the financial year 2017-18, several interim orders have been passed by the Hon'ble National Company Law Tribunal, New Delhi (Hon'ble NCLT) in respect of petition was filed against the Company by Shri Rohit Relan, non-executive director of the Company along with his wife and sons, under section 241, 242 read with section 244 of the Companies Act, 2013. Hon'ble NCLT has reserved the final order till the date of this report.

Further during the year, the Company has filed a petition under Section 241, 242 and/ or other applicable provisions of the Companies Act, 2013 against Toyo Sharda India Pvt. Ltd. & Others, before the Hon'ble NCLT. Several Interim Orders have been passed by the Hon'ble NCLT in this regard; however no final order has been passed till the date of this report.

Copies of the above mentioned interim orders are available on the website of the Company [www.shardamotor.com](http://www.shardamotor.com) and also on the websites of the National Stock Exchange of India Limited and BSE Limited.

**SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES**

During the year under review, there is no change in the status of subsidiary/ joint ventures/ associate companies. Financial performance of the Associate and Joint Venture Companies are disclosed in the financial statements forming part of this annual report. A statement in form AOC-1, containing the salient features of the financial statements of the joint ventures/ associate companies is provided as Annexure IX.

**RISK ASSESSMENT AND RISK MINIMIZATION PROCEDURE**

In line with the new regulatory requirements, the Company has formally framed a Risk Assessment and Risk Minimization Procedure to identify and assess the key risk areas and monitor the same. The Board periodically reviews the risks and suggests steps to be taken to control the risks.

Details on the Company's risk management framework, risk evaluation, risk identification etc. is provided in the Management Discussion and Analysis Report forming part of this report.

**DETAILS OF NUMBER OF CASES FILED, IF ANY, AND THEIR DISPOSAL IN TERMS OF SECTION 22 OF THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.**

The Company values the dignity of individuals and strives to provide a safe and respectable work environment to all its employees. The Company is committed to provide an environment, which is free of discrimination, intimidation and abuse. The Company believes that it is the responsibility of the organisation to protect the integrity and dignity of its employees and also to avoid conflicts and disruptions in the work environment due to such cases.

The Company has put in place a 'Policy on redressal of Sexual Harassment at Work Place' as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Sexual Harassment Act"). During the year, the Company has conducted an awareness programme against the sexual harassment. As per the policy, any employee may report his / her complaint to the Redressal Committee / Internal Complaints Committee, constituted with duly compliance under the Sexual Harassment Act, for this purpose to their Manager or HR personnel. We affirm that adequate access has been provided to any complainant who wished to register a complaint under the policy, but no complaint was received during the year under review.

**DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of Section 134(3) (c) read with 134(5) of the Companies Act, 2013, it is hereby stated that:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed;
- (b) Appropriate accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2018 and of the profit and loss of the company for the year ended on that date;
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) The annual accounts have been prepared on a going concern basis;
- (e) Internal financial controls have been laid down to be followed by the company and that such internal financial controls are adequate and were operating effectively;

- (f) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The details in respect of internal financial control and their adequacy are included in the Management Discussion and Analysis Report, which forms part of this annual report.

**SECRETARIAL STANDARDS**

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

**ACKNOWLEDGEMENT**

Your Company has been able to operate efficiently because of the professionalism, creativity, integrity and continuous improvement in all functional areas to ensure efficient utilization of the Company's resources for sustainable and profitable growth. The Directors acknowledge their deep appreciation to employees at all levels for their total dedication, hard work, commitment and collective team work, which has enabled the Company to remain at the forefront of the industry despite increased competition and challenges.

Your Directors take this opportunity to express their grateful appreciation for the excellent assistance and co-operation received from its customers, Your Directors also extend their appreciation to Bankers, Credit rating Agencies and various departments of Central and State Government(s).

Your Directors also would like to thank all the shareholders for their continued support & co-operation.

On behalf of the Board of Directors  
**For Sharda Motor Industries Limited**

Date : 3rd August, 2018

Place : New Delhi

Sharda Relan

Co-Chairperson

(DIN:00252181)

Ajay Relan

Managing Director

(DIN:00257584)



## ANNEXURE I

**NOMINATION, REMUNERATION AND EVALUATION POLICY****1. INTRODUCTION**

In pursuance of the Company's policy to consider human resources as its invaluable assets and also in terms of provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (Listing Regulations) as amended from time to time, this policy on nomination, remuneration and evaluation of Directors, Key Managerial Personnel (KMPs) and other employees of the Company has been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors. This policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the appointment remuneration, evaluation and removal of the Directors, Key Managerial Personnel and other employees of the company.

**2. DEFINITIONS**

- **"Board"** means Board of Directors of the Company
- **"Directors"** means Directors of the Company
- **"Committee"** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- **"Company"** means Sharda Motor Industries Limited
- **"Independent Director"** means a director referred to in Section 149 (6) of the Companies Act, 2013 read with provisions of the Listing Agreement.
- **"Key Managerial Personnel (KMP)"** means –  
Managing Director, Chief Financial Officer, Company Secretary and such other persons, as may be designated by the Board or prescribed under the applicable statutory provisions/ regulations
- **"Senior Management"** means employee of the Company who are members of its core management team excluding Board of Directors, comprising all members of management one level below the CEO/MD/WTD, including functional heads and also include Chief Financial Officer and Company Secretary.

Unless the context otherwise requires, words and expressions used in the policy and not defined herein but defined in the Companies Act, 2013 and Listing Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.

**3. OBJECTIVE AND PURPOSE OF THE POLICY**

The objective and purpose of this policy are:

- To formulate the criteria for determining Qualifications, Positive attributes and Independence of a Director and Key Managerial Personnel.
  - To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
  - To formulate the criteria for carrying out performance evaluation of the Board, its Committees and individual directors and review and its implementation and compliance.
  - To develop a succession plan and ensure Board diversity.
  - To determine remuneration based on Company's size and financial position and trends and practices on remuneration prevailing in the Industry.
  - To provide Directors, Key Managerial Personnel and Senior Managers reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
4. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage

**APPLICABILITY**

The Policy is applicable to:

1. Directors (Executive and Non-Executive)
2. Key Managerial Personnel
3. Senior Management Personnel
4. Other employees

**ROLE AND RESPONSIBILITY**

- The Committees foremost priorities are to ensure that the Company has the best possible leadership and maintains a clear plan for both Executive and Non-Executive Directors' succession. The Committee shall also review Senior Management succession. Its prime focus will, therefore, be on the strength of the Board and the Senior Management Team and ensuring that appointments are made on merit, against objective criteria, selecting the best candidate for the post. The Committee

shall advise the Board on the appointments, retirements and resignations from the Board and its Committees. It shall also advise the Board on similar changes to the Senior Management of the Company.

- When considering appointments to the Board and its Committees, the Nomination and Remuneration Committee shall draw up a specification for the role taking into consideration the balance of skills, knowledge and experience of its existing members, the diversity of the Board and the Company's ongoing requirements. The Company believes that diversity underpins the successful operation on an effective Board and embraces diversity as a means of enhancing the business.

**POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT APPOINTMENT:**

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director or KMPs and recommend to the Board his/ her appointment.
- Managing Director will be selected by ascertaining the integrity, qualification, Expertise, attitude and experience of the candidate and his appointment shall be governed by the applicable law(s) for the time being in force.
- The Candidate for a position at KMP (except Managing Director) or Senior Management level should be selected by assessment of the candidate on his/ her functional and leadership capabilities and cultural fitment to the Company. It needs to be ensured that the person possesses adequate qualification, expertise, proper attitude and experience for the position he/she is considered for appointment.
- The Managing Director shall assess the shortlisted the candidates based on relevant industrial expertise for the position of KMP (except Managing Director) or Senior Management Level.
- The selected candidate's details and the proposed compensation will be shared with the Nomination and Remuneration Committee for their review and suggestions and appointment of the final candidate's shall be recommend to the Board by the Committee, for their approval.

**TERM / TENURE:**

- The tenure for Directors shall be governed by the terms defined in the Companies Act, 2013 and Listing Regulations.
- The tenure for KMPs (excluding MD/Executive Director/whole-time Director), Senior Management Personnel and other employees will be governed by Company's HR Policy

**EVALUATION:**

- The performance evaluation of all Directors of the Company including Independent Directors shall be done by the Board, excluding the Director being evaluated based on the criteria determined by the Committee.
- The performance evaluation of Non-Independent Directors, Chairman/ Co-Chairman of the Company and the Board as whole shall be done by the Independent Directors in their separate meeting also.
- The Managing Director shall perform the evaluation of performance of KMPs and Senior Management Personnel at regular intervals, mostly on the yearly basis based on the Key Performance Indicators.
- The independent external agency may also be hired / outsourced by the Board of Directors of the Company for conducting the performance evaluation of all Directors of the Company as per criteria laid on above points read with provisions of the Act and Listing Regulations.

**REMOVAL:**

- Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules or regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a director, subject to the provisions and compliance of the said Act, rules or regulations.
- For KMPs (excluding MD/Executive Director/whole-time Director), Senior Management Personnel or other employees, the removal will be governed by Company's HR Policy and applicable law(s) for the time being in force, if any.

**RETIREMENT:**

- Directors, KMPs or Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013, Listing Regulations and the prevailing policy of the Company.
- The Managing Director may retain any KMP, Senior Management Personnel or any other employee in the same position/ remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

**POLICY RELATING TO THE REMUNERATION FOR THE WHOLE –TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL**

The level and structure of the remuneration should be reasonable and sufficient to attract, retain and motivate the directors, KMPs, Senior Management Personnel and other employees for successfully running the Company. The remuneration to directors, KMPs and Senior Management should involve a balance between fixed and performance based incentive to achieve the short term and long term goals.

**a) Remuneration to Whole-time Director/Executive/ Managing Director:**

The Remuneration/ Compensation/ Commission/ performance incentive etc. to be paid to Whole-Time Director/ Managing Director/Executive etc. and any revision thereof, shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other applicable law(s) for the time being in force.