



**SKY INDUSTRIES LIMITED**

**NOMINATION AND REMUNERATION POLICY**



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The Board of Directors of the Company, “Sky Industries Limited” have constituted Nomination and Remuneration Committee (“**the Committee**”) in terms of Regulation 19 of Securities and Exchange Board of India, (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”) read with Section 178 of the Companies Act, 2013 (“**the Act**”) read along with the applicable Rules thereto and, as amended from time to time. The Policy outlines the role of the Nomination and Remuneration Committee and the Board of Sky Industries Limited in inter-alia determining the criteria for Board membership, approve and recommend compensation packages and policies for Directors and Senior Management and lay down the effective manner of performance evaluation of the Board, its Committees and the Directors.

**1. OBJECTIVE**

Following shall be the broad responsibilities of the Nomination and Remuneration Committee:

- **Board membership:**

- a) To formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- b) To determine the composition of the Board based on the need and requirements of the Company from time to time;
- c) To identify the persons as potential candidates who are qualified to be appointed as Directors and recommend to the Board their appointment and removal;

- **Performance Evaluation of Board, Committee and Directors:**

- a) To lay down the process for effective evaluation of performance of Board, its Committees and individual Directors and review its implementation and compliance;
- b) To review the outcome of the performance evaluation exercise for the Board and its Committees and present its analysis and recommendations to the Board;
- c) To evaluate the requirement for appointing an external independent agency to carry out the performance evaluation of the Board, its Committees and Directors and make necessary recommendations to the Board;

- **Remuneration to Directors & Senior Management:**

- a) To approve persons to be recruited in the Senior Management and recommend to the Board their appointment and removal;
- b) To ensure that the compensation packages and other human resource practices are effective in maintaining a competent workforce and make recommendations relating to compensation of the Managing Director, Whole time Directors and the senior management of the Company from time to time.



## 2. **CONSTITUTION**

The Committee shall comprise of at least three Directors, all of whom shall be non-executive directors and at least half shall be Independent Directors, the Chairperson being an Independent Director. The Chairperson of this Committee or in case of his absence, any other person authorised by him shall attend the general meetings of the Company. The quorum for the meeting shall be two (2) Independent Directors. The Committee may meet, convene and conduct Committee meetings through video conferencing or audio-visual means, as may be provided by the Company.

## 3. **DEFINITIONS**

**3.1 “Act”** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

**3.2 “Board”** means Board of Directors of the Company.

**3.3 “Directors”** mean Directors of the Company.

**3.4 “Key Managerial Personnel”** means:

- a) Chief Executive Officer or the Managing Director or the Manager;
- b) Whole-time director;
- c) Chief Financial Officer;
- d) Company Secretary; and
- e) Such other officer as may be prescribed.

**3.5 “Senior Management”** means officers/ personnel of the Company who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the 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.

**3.6 “Remuneration”** means 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

## 4. **ROLE & RESPONSIBILITY**

The role and responsibility of the Committee shall be to undertake specific duties listed below and it will have the authority to undertake such other specific duties as the Board prescribes from time to time. The below mentioned roles and responsibilities are derived from the terms of reference of the Committee as determined and approved by the Board.



- **BOARD MEMBERSHIP**

**a) Criteria for appointment as a Director**

The Committee shall formulate criteria, and review them on an ongoing basis, for determining qualifications, skills, expertise, qualities, positive attributes required to be a Director of the Company. The criteria to be formulated need to be not only beneficial to the Company but also will need to consider the qualities, including independence for Independent Directors, and expertise essential for the Company to operate going forward and in changing business environment. Following is the criteria recommended by the Committee and approved by the Board for nominating / inducting a Director on the Board of the Company:

- composition of the Board, taking into consideration the size of the Company and consistent with the requirement of law;
- diversity on the Board;
- optimal balance of skills and relevant experience; professional qualifications,
- expertise and experience in specific area of business;
- no present or potential conflict of interest;
- availability of time and other commitments for proper performance of duties;
- personal characteristics in line with the Company's values, such as integrity, honesty, and transparency; and
- any other criteria which may be added by the Board at its discretion.

**b) Identify persons as potential candidates who are qualified to be Directors**

The Committee shall identify persons who are qualified to become Directors and who satisfy the criteria laid down. The process of identification shall include ascertaining, meeting, screening and reviewing candidates for appointment as Directors, whether Independent, Non-Executive or Executive. The existing Directors who continue to satisfy the criteria may also be considered by the Committee for re-appointment. The re-appointment of Directors shall be recommended by the Committee after taking into consideration the performance of such a Director.

**c) Nomination of candidates for approval of Board**

The Committee on satisfaction of a potential candidate meeting the criteria and having completed the identification and selection process, will recommend such persons' candidature to the Board for appointment as a Non- Executive Director or Independent Director or Executive Director, as the case may be.

The Committee may recommend the candidates to the Board when:

- Any vacancy in the Board is required to be filled due to retirement or resignation or;
- Any vacancy arisen out of annual Board/ Director performance evaluation or;
- Any vacancy as a result of end of tenure in accordance with the Act, Rules and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or;
- Any change required in the Board on account of diversity or;
- Any change required by law.



- **PERFORMANCE EVALUATION OF BOARD, COMMITTEE AND DIRECTORS**

a) **Process for effective evaluation of performance of Board, its Committees and individual Directors and review its implementation and compliance:**

The Committee shall determine a process for evaluating the performance of every Director, Committees of the Board and the Board on an annual basis. The Committee shall also review its own performance on an annual basis. The Committee may seek the support and guidance of external experts and agencies for this purpose.

b) **Evaluate the performance of the Managing Director or Whole-time Director**

The Committee shall evaluate the performance of the Managing Director by setting his Key Performance Objectives or Key Performance Parameters at the beginning of each financial year. The Committee shall ensure that his Key Performance Objectives are aligned with the immediate and long-term goals of the Company.

- **APPOINTMENT OF SENIOR MANAGEMENT**

a) **Approval of candidates required for Senior Management positions:**

The Committee shall lay down criteria including qualifications, skills, expertise and qualities required for Senior Management positions like Managing Director & CEO, Chief Financial Officer and Company Secretary and members of the Executive Council and the Operating Council of the Company. The Committee feels that it would be appropriate for the management to consider and evaluate internal as well as external candidates for such senior positions. The Committee shall play a consultative role to Board and make recommendations to the Board regarding the appointments and changes to the Senior Management positions of the Company.

- **REMUNERATION OF DIRECTORS, SENIOR MANAGEMENT & EMPLOYEES**

a) **Determine the Executive compensation**

The Committee shall also approve the compensation package of the Managing Director or Executive Director(s). The compensation structure shall include basic salary, perquisites, commission, etc. The Committee shall ensure that the compensation packages are in accordance with applicable law, in line with the Company's objectives, shareholders' interests, with industry standards and have an adequate balance between fixed and variable component. All the recommendations of the Committee shall be referred to the Board for approval.

b) **Compensation of Senior Management**

The Committee shall review the performance of the senior management of the Company, i.e., the members of the Executive Council of the Company, as presented by the Managing Director & CEO. The Committee shall also provide an annual overview of the remuneration payable to Key Managerial Persons as defined under the Act and Senior Management of the Company. The Committee shall ensure that the remuneration to the Key Managerial Persons 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) Remuneration to the Non-Executive Directors**

The Committee shall recommend the Commission payable to the non-Executive Directors, including Independent Directors after reviewing payments made to similar sized, successful companies. The Nomination and Remuneration Committee may consider recommending commission payable to Directors after taking into account their contribution to the decision making at meetings of the Board / Committees, participation and time spent as well as providing strategic inputs and supporting the highest level of Corporate Governance and Board effectiveness. It shall be within the overall limits fixed by the shareholders of the Company. The Committee shall recommend any changes to the quantum of sitting fees to the Board from time to time.

**d) Remuneration to other employees**

Focus on productivity and pay for performance have been the cornerstone of the Company's overall remuneration policy. The Company regularly benchmarks the compensation levels and employee benefits in the market and makes necessary changes to remain consistent with the industry standards. The Committee reviews the Performance management and rewards process from time to time. The remuneration structure of employees is designed on principles of fairness, transparency and internal and external parity and involves an optimum balance of fixed and variable components.

**5. POWERS OF THE COMMITTEE**

The Committee shall have inter-alia following powers:

- Conduct studies or authorise studies of issues within the scope of the Committee with full access to all books, records, facilities and personnel of the Company
- Retain or seek advice of consultants and experts for performance of their role under this Policy and the costs relating thereto shall be borne by the Company.
- Delegate its powers or form sub-committees to perform any of its functions or role under this Policy, subject to approval of the Board.

**6. MEETINGS**

The Committee shall meet at least once in six months. Additional meetings may happen as the Committee deems it appropriate. Minutes of the meeting shall be circulated to the Committee. The Committee shall report to the Board regarding its actions and make necessary recommendations to the Board. The Committee shall be governed by the same rules regarding meetings as are applicable to the Board.

**7. MINUTES**

The committee will maintain written minutes of its meetings, including formal telephonic meetings, which will be filed with the minutes of the meetings of the Board.

**8. REVIEW**

This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification to the policy as recommended by the Committee would be placed before the Board of Directors for their approval.

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