

**NOMINATION,
REMUNERATION
&
EVALUATION POLICY
OF
SUPERIOR INDUSTRIAL
ENTERPRISES LIMITED**

Superior Industrial Enterprises Limited

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A. INTRODUCTION

Superior Industrial Enterprises Limited believes in the manner of its affairs in a fair and transparent view by adopting the ethical behavior standards, integrity, and professionalism and in compliance of laws towards the society, government & its stakeholders.

In terms of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management 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 in their meeting held on 26.05.2015.

This policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

This Policy shall be effective from 26.05.2015.

B. OBJECTIVE

The policy is framed with the objective(s):

1. 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.
2. That the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
3. That the remuneration to Directors, Key Managerial Personnel (KMP), and other employees of the Company 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.
4. 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, Key Managerial positions and to determine their remuneration.
5. To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the industry.
6. To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel and to provide for reward(s) linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
7. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

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8. To lay down criteria for appointment, removal of directors, Key Managerial Personnel and Senior Management Personnel and evaluation of their performance.

C. DEFINITIONS

In this Policy unless the context otherwise requires:

1. 'Act' means Companies Act, 2013 and rules there under
2. 'Board of Directors' or 'Board', in relation to the Company, means the collective body of the directors of the Company
3. 'Committee' means Nomination, Remuneration & Evaluation Committee of the Company as constituted or reconstituted by the Board.
4. Company means Superior Industrial Enterprises Limited
5. 'Directors' means Directors of the Company
6. 'Independent Director' means a director referred to in Section 149 (6) of the Companies Act, 2013
7. 'Key Managerial Personnel' (KMP) means:
 - a. Chief Executive Officer and / or Managing Director
 - b. Whole-time Director
 - c. Chief Financial Officer
 - d. Company Secretary
 - e. Such other officer as may be prescribed
8. 'Ministry' means the Ministry of Corporate Affairs
9. 'Regulations' refers to and comprise of Companies Act, 2013, The Companies (Meeting of Board and its Powers) Rules, 2014, The Companies (Appointment and Qualification of Directors) Rules, 2014, The Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014, The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Listing Agreement and such other rules and provisions as applicable to the matters dealt in by this Policy
- 10 'Senior Management Personnel' for this purpose shall mean employees of the company who are members of its core management team excluding Board of Directors. It would comprise all members of management one level below the executive director(s), including the functional / vertical heads. Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

D. ACCOUNTABILITIES

1. The Board is ultimately responsible for the appointment of Directors and Key Managerial Personnel.
2. The Board has delegated responsibility for assessing and selection of persons for the role of Directors & Key Managerial Personnel of the Company to the Nomination and Remuneration Committee which makes recommendations & nominations to the Board.

E. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee is responsible for:

1. To review the structure, size and composition (including the skills, knowledge and experience) of the Board and to make recommendations to the Board to balance the Company's corporate strategy, with the objective to diversify the Board;
2. To identify the persons suitably qualified to be appointed as the KMPs of the Company;
3. To recommend to the Board on the selection of individuals nominated for directorship;
4. To recommend to the Board on the remuneration payable to the Directors & KMPs so appointed;
5. To assess/evaluate the independence of independent directors;
6. On such other key issues/matters as may be referred by the Board or as may be necessary in view of the Listing Agreement and provision of the Companies Act 2013 and Rules thereunder.
7. To ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
8. To devise a policy on Board diversity;
9. To develop a succession plan for the Board and to regularly review the plan;

MEMBERS OF THE COMMITTEE

The Nomination and Remuneration Committee comprises of the following:

- a) The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- b) Minimum two (2) members shall constitute a quorum for the Committee meeting.
- c) Membership of the Committee shall be disclosed in the Annual Report.
- d) Term of the Committee shall be continued unless terminated by the Board of Directors.

COMPOSITION OF THE COMMITTEE

- **Mr. Vijay Kumar Gupta, Non-Executive Independent Director**
- **Mr. Krishna Kumar Agarwal, Non-Executive Non-Independent Director**
- **Ms. Divya Mehrotra, Non-Executive Independent Director**

CHAIRMAN

- a) Chairman of the Committee shall be an Independent Director.
- b) Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.

- c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d) Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

F. APPOINTMENT OF DIRECTORS/KMP'S/SENIOR MANAGEMENT

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

- To assess 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 in accordance with the relevant provisions of Companies Act, 2013 & rules & regulations made thereto, as amended from time to time.
- 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;
- the skills and experience that the appointee brings to the role of KMP and how an appointee will enhance the skill sets and experience of the Board as a whole;
- 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;

PERSONAL SPECIFICATIONS:

- Degree holder in relevant disciplines;
- Experience of management in a diverse organization;
- 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;

G. CRITERIA & FACTORS FOR APPOINTMENT OF INDEPENDENT DIRECTORS

The Committee shall consider the integrity, experience, qualifications, industrial experience and review the independence of the individual in accordance with Clause 49 of the Listing Agreement and Companies Act, 2013 and rules & regulations made thereto, as amended from time to time.

LETTERS OF APPOINTMENT:

The Company shall issue appointment letter as per Companies Act, 2013 along with amendments made thereunder from time to time, containing the terms of appointment, Remuneration of Directors, Key Managerial Personnel: The Directors, Key Management Personnel salary shall be based & determined on the individual person's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any.

FAMILARIZATION OF DIRETORS

The Company shall organize the familiarization programme atleast once in a year for its independent directors to familiarize with the Company, their roles, rights, responsibilities in the Company, nature of industry, business model etc.

EVALUATION

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at such time as decided by it from time to time.

REMOVAL

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions of the Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.

H. MATTERS RELATING TO THE REMUNERATION, PERQUISITES FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL:

1. The remuneration / compensation / profit-linked commission, Bonus etc. to the Whole-time Director, Directors and Independent Directors will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / profit-linked commission etc. shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company, Act and shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required.
2. The remuneration of KMP will be recommended to the committee with the evaluation report thereof who will further recommend the same to the Board and the same will be effective as per the approval of the Board.
3. The remuneration of the of the Senior Management Personnel (Personnel of the Company who are members of the core management team excluding Board of Directors and KMP's) and other employees will be processed through the H.R. as per the appraisal procedure adopted by them with the feedback of reporting managers / HOD's and alongwith the observation of the concerned directors and a presentation has to be made before the Managing Directors who will recommend the overall evaluation and change in the remuneration thereof keeping in mind the market conditions, business prerogatives and other factors and recommend the same to the Committee and the same will be effective as per the approval of the Committee.
4. The annual appraisal will be made considering the certain number of employees as the management deem fit in the light of last appraisal and prevailing practices of the company.

5. Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

8. The Departments Heads will evaluate their subordinates and forward the recommendations to HR for increment/incentive. H.R with the help of the reporting managers and the concerned directors can make the appraisal at any time for any employee(s) and the Committee should be appraised about overall evaluation in the coming committee meeting for their approval and observation thereof.

10. The salary to the employees will be given/credited by not more than 10th day of succeeding month. However the changes can be made if the circumstances required but the same can be done with the approval of the Managing director.

12. The Whole Time Directors / M.D are duly empowered with the delegation herewith to take the effective decisions on the issue of remuneration within the legal framework as and when circumstances demand and effective running of the business with material updation if any to this Committee in its next meeting.

I. STATUTORY REQUIREMENTS:

· Section 197(5) provides for fee for attending meetings of the Board of Directors and Committee meetings to directors or for any other purpose as may be decided by the Board.

· Section 197(1) of the Companies Act, 2013 provides for the total managerial remuneration payable by the Company to its directors, including managing director and whole time director, and its manager in respect of any financial year shall not exceed eleven percent of the net profits of the Company computed in the manner laid down in Section 198 in the manner as prescribed under the Act.

· The Company with the approval of the Shareholders and Central Government may authorize the payment of remuneration exceeding eleven percent of the net profits of the company, subject to the provisions of Schedule V.

· The Company may with the approval of the shareholders authorize the payment of remuneration upto five percent of the net profits of the Company to its any one Managing Director/Whole Time Director/Manager and ten percent in case of more than one such official.

· The Company may pay remuneration to its directors, other than Managing Director and Whole Time Director upto one percent of the net profits of the Company, if there is a managing director or whole time director or manager and three percent of the net profits in any other case.

· The net profits for the purpose of the above remuneration shall be computed in the manner referred to in Section 198 of the Companies Act, 2013.

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. The sitting fee to the Independent Directors shall not be less than the sitting fee payable to other directors.

The remuneration payable to the Key Managerial Personnel shall be as may be decided by the Board having regard to their experience, leadership abilities, initiative taking abilities and knowledge base.

J. CRITERIA FOR THE EVALUATION OF INDEPENDENT DIRECTORS INCLUDING EXECUTIVE DIRECTORS & BOARD

BRIEF OUTLINE OF THE LEGAL/STATUTORY REQUIREMENTS:

COMPANIES ACT, 2013/LISTING AGREEMENT PROVISIONS

Section 178 read with Companies (meeting of Board and Its Powers) Rules, 2014, the nomination and remuneration committee **shall carry out evaluation of every director's performance.**

Section 134 read with Companies (Accounts) Rules, 2014

In the Board Report, a statement has to be given stating that the manner in which formal annual evaluation has been made by the Board of its own performance, committees and individual directors.

Section 149 read with Schedule IV of Companies Act, 2013

The performance evaluation of independent directors shall be done by the entire Board of Directors of the Company, excluding the director being evaluated. On the basis of report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

Clause 49 of Listing Agreement

- Monitoring and reviewing Board Evaluation framework
- The Nomination Committee shall lay down the evaluation criteria for performance evaluation of independent directors.
- The company shall disclose the criteria for performance evaluation, as laid down by the Nomination Committee, in its Annual Report.
- The performance evaluation of independent directors shall be done by the entire Board of Directors (excluding the director being evaluated).
- On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

PERFORMANCE EVALUATION PROCESS

1. Performance evaluation of Independent Directors:

The performance evaluation shall be done on an annual basis, each director shall be provided an evaluation sheet except the independent director being evaluated based on including but not limited to criteria as follows:

S.No.

Particulars

1. Whether he/she actively participated in board meetings including committee & general meetings
2. What he/she bring an objective view in the evaluation of the Board & Management.
3. Whether he/she acted objectively and constructively while exercising his/her duties in the Board/Committee meetings.
4. Whether he/she assisted the Company in implementing the best corporate governance practices
5. Whether he/she helped the Board by giving an independent judgment on Board deliberations especially on strategy, performance, risk management & standards of conduct
6. Whether he/she scrutinize the performance of the management monitored the report of Company's performance
7. Whether he/she well informed about the Company and the external environment in which it operates.
8. Whether he/she participated in the familiarization program of directors of the Company
9. Whether he/she given sufficient attention and ensured on the approval of related party transactions and assured that the same are in the best interest of the Company.
10. Whether he/she ascertained that the policies of the Company and its implementation are adequate and proper and has complied with Code of Conduct.

2. Performance Evaluation of the Board

The performance evaluation shall be done on an annual basis, each director shall be provided an evaluation sheet based on including but not limited to criteria as follows:

S.No. Particulars

1. Whether the Shareholders of the Company were sufficiently informed on the key concerns of the Company including on Board Meetings/General Meetings, Policies of the Company and enhancing information/opportunity to attend General Meetings through newspapers notice or website of the Company
2. Whether the Company have an transparent & adequate mechanism to resolve/address the grievances of the Shareholders
3. Whether the Board encouraged its KMPs, Senior Management & facilitate the independent directors in view of better corporate governance & their duties
4. Whether they are satisfied with the financial performance in terms of revenue, PBT, PAT etc. of the Company in comparison to the previous financial year & recommended the appropriate dividend on shares.
5. Whether the Board has approved the appropriate annual budget and the budgeted figure was in line of actual performance of the Company.
7. Whether the Board discussed and taken decision on penetration & diversification in view of expansion of its business.
8. Whether the Board acted and taken decisions on well informed basis and duly discussed the agenda items and the meetings are held timely to fulfill their duties.
9. Whether the Board had followed the ethical standards
10. Whether the Board has used the resources of the Company for maximization of wealth.

3. Performance Evaluation of Executive & Non-Executive Directors (Not Independent Director)

S.No. Particulars

1. Whether he/she actively participated in board meetings including committee & general meetings
2. What he/she bring an objective view in the evaluation of the Board & Management.
3. Whether he/she acted objectively and constructively while exercising his/her duties in the Board/Committee meetings.
4. Whether he/she assisted the Company in implementing the best corporate governance practices
5. Whether he/she helped the Board by giving an prudent judgment on Board deliberations especially on strategy, performance, risk management & standards of conduct
6. Whether he/she scrutinize the performance of the management monitored the report of Company's performance
7. Whether he/she well informed about the Company and the external environment in which it operates.
8. Whether he/she participated in the familiarization program of directors of the Company
9. Whether he/she given sufficient attention and ensured on the approval of related party transactions and assured that the same are in the best interest of the Company.
10. Whether he/she ascertained that the policies of the Company and its implementation are adequate and proper and has complied with Code of Conduct.

4. Performance Evaluation of the Committee

The performance evaluation shall be done on an annual basis, each director shall be provided an evaluation sheet based on including but not limited to criteria as follows:

S. No. Particulars

1. Whether the Committee is exercising all its powers delegated by the Board of Directors with due care and diligently
2. What is the level of working of Committee in line with its terms of reference.
3. Whether the frequency of meeting is sufficient to discharge its duties properly.
4. Whether the recommendation made by the Committee is a proper and adequate. The evaluation criteria shall be reviewed by the Committee and Board from time to time and shall be in accordance with Clause 49 of the Listing Agreement and the Companies Act, 2013 and rules and regulations made there under as amended from time to time.

BY THE NOMINATION, REMUNERATION & EVALUATION COMMITTEE OF SUPERIOR INDUSTRIAL ENTERPRISES LIMITED

RECOMMENDED TO THE BOARD



**Vijay Kumar Gupta
CHAIRMAN**

DATE: 26.05.2015

ADOPTED AND APPROVED BY THE BOARD



**Vijay Kumar Gupta
CHAIRMAN**

DATE: 26.05.2015