

## **STAR PAPER MILLS LIMITED**

### **POLICY ON NOMINATION & REMUNERATION AND EVALUATION OF DIRECTORS ETC.**

#### **1. Introduction:**

This policy covers the following areas:

- i) Policy on performance evaluation of Directors;
- ii) Policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP) and Senior management;
- iii) Policy on Board diversity.

#### **2. Objectives of the Nomination and Remuneration Committee (NRCO):**

The Nomination and Remuneration Committee constituted on 9<sup>th</sup> Nov., 2012 is now following provisions of the Companies Act, 2013 as well as Clause 49 of listing agreement in appointment and remuneration of Directors and KMP and performance evaluation of Directors and the Board as a whole. At present, the Nomination and Remuneration Committee comprises of following Directors:

- i. Mr. C.M. Vasudev Chairman (Independent Director)
- ii. Mr. Shiromani Sharma, Member (Independent Director)
- iii. Mr. M.P. Pinto, Member (Independent Director)

However, this policy has been formally adopted by the Nomination and Remuneration Committee and approved by the Board of Directors at their respective meeting(s) held on 20<sup>th</sup> May, 2015.

The 'NRCO' shall:

- i. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy
- ii. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board on remuneration of Directors, KMP and Senior Management.
- iii. Formulate the criteria for evaluation of every director including Independent Director and the Board.
- iv. Devising on Board diversity.
- v. Recommend to the Board, appointment and removal of Director, KMP and Senior Management .

#### **3. Definitions:**

- **“Board”**:-Board means Board of Directors of the Company.
- **“Director”**:-Director means every Director of the Company.
- **“Committee”**:-Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.
- **“Company”**:- Company means Star Paper Mills Limited.
- **“financially literate ”**:- financially literate means the ability to read and understand basic financial statements i.e balance sheet, profit and loss account and statement of cash flows.
- **“Independent Director”**:-Independent Director means as defined under clause 49 of the Listing Agreement and/or under the Companies Act, 2013.
- **“Key Managerial Personnel”**:- Key Managerial Personnel (KMP) means as defined under the Companies Act, 2013.
- **“Senior Management”**:- The expression “senior management” means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 shall have the meaning respectively assigned to them therein.

#### **4. Applicability:-**

The Policy is applicable to

- Directors (Executive/Non Executive & Independent)
- Key Managerial Personnel
- Senior Management.

**5 (a) General Appointment Criteria:**

- The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.
- The Company should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force.
- The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force.

**(b) Additional Criteria for Appointment of Independent Directors:**

The Committee shall consider qualifications for Independent Directors and also their appointment shall be governed as per the provisions of clause 49 of the Listing Agreement and the Companies Act, 2013.

**('c) Term / Tenure:**

The Term of the Directors shall be governed as per provisions of the of the Companies Act, 2013 and rules made thereunder and clause 49 of the Listing Agreement.

**(d) Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground, the Committee may recommend to the Board for removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Act, rules and regulations.

**6. Criteria for Evaluation of Independent Director and the Board:**

Following is the Criteria for evaluation of performance of Executive Directors, Independent' Directors and the Board:

**(a) Executive Directors:**

The Executive Directors shall be evaluated on the basis of targets / Criteria given to executive Directors by the Board from time to time

**(b) Non Executive & Independent Directors:**

The Non Executive Directors shall be evaluated on the basis of the following criteria i.e. whether they:

- act objectively and constructively while exercising their duties;
- exercise their responsibilities in a bona-fide manner in the interest of the company;
- devote sufficient time and attention for informed and balanced decision making;
- do not abuse their position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- refrain from any action that would lead to loss of his independence
- inform the Board immediately when they lose their independence,
- assist the company in implementing the best corporate governance practices.
- strive to attend all meetings of the Board of Directors and the Committees;
- participate constructively and actively in the committees of the Board in which they are members;
- strive to attend the general meetings of the company;
- keep themselves well informed about the company and the external environment in which it operates;
- do not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- abide by Company's Memorandum and Articles of Association, company's policies and procedures including code of conduct, insider trading guidelines etc.

**© Policy on Board diversity:**

The Board of Directors shall have the optimum combination of Directors from the different areas / fields like administration, Management, Finance, Operations, Law, Social Sciences etc or as may be considered appropriate. The Board shall have at least one Board member who has accounting or related financial management expertise and at least three members who are financially literate.

#### **7. Remuneration:**

The Committee will recommend the remuneration to be paid to the Managing Director, Whole-time Director, KMP and Senior Management to the Board for their approval.

The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate Directors, Key Managerial Personnel and Senior Management of the quality required to run the company successfully. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

##### **(a) Managing Director/whole time director**

Besides the above Criteria, the Remuneration/ compensation/ commission etc to be paid to Director/ Managing Director etc shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

##### **(b) Non- executive/ Independent Directors**

The Non- Executive Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

#### **8. Directors and Officers' Insurance**

Where any insurance is taken by the Company on behalf of its Directors, KMPs/ Senior Management Personnel etc. 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.