
NOMINATION, REMUNERATION AND EVALUATION POLICY

1. Introduction

This Nomination and Remuneration Policy is in compliance with Section 178 of the Companies Act, 2013 read with the applicable rules thereto and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, The Board is ultimately responsible for the appointment of Directors and Key Managerial Personnel.

The Board has delegated responsibility for assessing and selecting the candidates for the role of Directors and Key Managerial Personnel of the Company to the Nomination and Remuneration Committee which makes recommendations & nominations to the Board.

This Nomination and Remuneration Policy (the “Policy”) applies to the Board of Directors (the “Board”) and the Key Managerial Personnel (the “KMP”) of Skyline Millars Limited (the “Company”). This policy has been framed by Nomination and Remuneration Committee of the Board of Directors and based on its recommendation, approved by the Board of Directors of the Company.

2. Definitions

“Act” shall mean the Companies Act, 2013 and rules framed thereunder, as amended from time to time.

“Board” shall mean the Board of Directors of the Company.

“Company” shall mean Skyline Millars Limited.

“Key Managerial Personnel” (KMP) shall mean

1. Chief Executive Officer or the Managing Director or the Manager;
2. Whole-time Director(s);
3. Chief Financial Officer;
4. Company Secretary; and
5. Such other officer, not more than one level below the directors who is in whole time employment and designated as KMP by the Board.

“Listing Regulations” shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

“Policy” shall mean the Nomination Remuneration and Evaluation Policy of Skyline Millars Limited.

“Senior Management Personnel” (SMP) shall mean the officers and personnel of the Company who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and

shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

2.1. Any other term not defined in this document shall have the same meaning as assigned to such term in the Companies Act, 2013, the SEBI Listing Regulations or any other applicable law or regulation.

2.2. The definitions in the Policy be read as per the amendments as may be brought in from time to time in the Companies Act, 2013 or in the SEBI Listing Regulations.

3. Objective

Objectives of the policy are –

- i. Appointment and remuneration of the Directors, and KMP;
- ii. Determining qualifications, positive attributes and independence for appointment of a Director (Executive/Non-Executive/Independent) and recommend to the Board a policy relating to the remuneration for the Directors and KMP;
- iii. Formulating the criteria for performance evaluation of all Directors, Board and its Committee;

4. Policy for Appointment and Removal of Directors and KMP

A) Appointment

Enhancing the competencies of the Board and attracting as well as retaining talented employees for role of KMP are the basis for the Nomination and Remuneration Committee to select a candidate for appointment to the Board.

For every appointment of an independent director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may avail the services of external agencies, if required, consider candidates from a wide range of backgrounds, having due regard to diversity and also consider the time commitments of the candidates.

While recommending a candidate for appointment, the Nomination and Remuneration Committee will assess the following:

- 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;

- 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;
- 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;

B) Personal specifications:

- At least a Degree holder in one or more relevant disciplines;
- Experience of management in a diverse organization;
- Excellent interpersonal, communication and representational skills;
- Demonstrable leadership skills;
- 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;
- Having continuous professional development to refresh knowledge and skills.

C) Letters of Appointment

Each Director / KMP is required to sign a letter of appointment, as acceptance of the offer, with the Company containing the terms of appointment and the role assigned in the Company.

D) Retirement

The Director and KMP shall retire as per the provisions of the applicable Act, and the prevailing policy of the Company. On the recommendation of the NRC, the Board if it considers to be in the Company's interest, shall have the discretion to retain Director and KMP even after attaining the retirement age.

E) Removal

In case any Director or KMP incurs any disqualification as provided under the Act or Rules made thereunder or is in breach of Code of Conduct adopted by the Company, the NRC may recommend to the Board removal of such Director or KMP.

5. Remuneration of Directors, Key Managerial Personnel and Senior Management Personnel

The guiding principle is that the level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate Directors, Key Management Personnel ("KMPs") and Senior Management Personnel ("SMPs").

The remuneration of Directors, KMPs and SMPs salary shall be based & determined on the individual person's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any.

The Nominations & Remuneration Committee determines individual remuneration packages for Directors, KMPs and SMPs of the Company taking into account factors it deems relevant, including but not limited to market, business performance and practices in comparable companies, having due regard to financial and commercial health of the Company as well as prevailing laws and government/other guidelines. The Committee consults with the Chairman of the Board as it deems appropriate.

5.1 Remuneration of the Managing Director/Whole-time Director and Executive Director is recommended by the Committee to the Board of the Company.

(i) Remuneration:

a) Base Compensation (fixed salaries)

Must be competitive and reflective of the individual's role, responsibility and experience in relation to performance of day-to-day activities, usually reviewed on an annual basis; (includes salary, allowances and other statutory/non-statutory benefits which are normal part of remuneration package in line with market practices).

b) Variable salary:

The NRC may in its discretion structure any portion of remuneration to link rewards to corporate and individual performance, fulfilment of specified improvement targets or the attainment of certain financial or other objectives set by the Board. The amount payable is determined by the Committee, based on performance against pre-determined financial and non-financial metrics and statutory limits, if any.

(ii) Statutory Requirements:

- Section 197(5) of the Companies Act, 2013 provides for remuneration by way of a sitting fee to a director for attending meetings of the Board of Directors and Committee meetings or for any other purpose as may be decided by the Board.
- Section 197(1) of the Companies Act, 2013 ("The Act") 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 to 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 authorise 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 authorise the payment of remuneration upto five percent of the net profits of the Company

to 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.

5.2 The Independent Directors shall not be entitled to any stock option and may receive remuneration by way of sitting 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.

5.3 The remuneration payable to the Directors shall be as per the Company's policy and shall be valued as per the Income Tax Rules.

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

6. Evaluation/ Assessment of Directors of the Company

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, if required for this purpose.

Current Version 4.0, 3rd August, 2023