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## **NOMINATION AND REMUNERATION POLICY**

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### **STUDDS ACCESSORIES LIMITED**

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## NOMINATION AND REMUNERATION POLICY

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## **STUDDS ACCESSORIES LIMITED**

### **NOMINATION AND REMUNERATION POLICY**

#### **1. INTRODUCTION**

In terms of Section 178(3) of the Companies Act, 2013 and Regulation 19 read with Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations"), as amended from time to time, the **STUDDS ACCESSORIES LIMITED** (the "Company") has formulated this Nomination and Remuneration Policy ("Policy") to provide a framework for remuneration of members of the Board of Directors (the "Board") of the Company, key managerial personnel, and other employees of the Company. The philosophy for remuneration of directors of the Company, Key Managerial Personnel ("KMP") and all other employees of the Company is based on the commitment of fostering a culture of leadership with trust. The Policy is aligned to this philosophy.

In case of any inconsistency between the provisions of law and the Policy, the provisions of the law shall prevail and the Company shall abide by the applicable law.

While formulating this policy, the Nomination and Remuneration Committee ("NRC") has considered the factors laid down under Section 178(4) of the Act, which are as under:

- a) 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;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to directors, key managerial personnel 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.

The Policy shall become effective from December 24, 2024.

#### **2. APPLICABILITY: -**

This Policy is guided by the principles and objectives as enumerated in the applicable provisions of the Act and Listing Regulations, to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company. The Policy is applicable to:

- Directors (Executive and Non-Executive)
- Key Managerial Personnel
- Senior Management Personnel

### **3. OBJECTIVE**

The objective of this policy is to lay down a framework in relation to remuneration of directors, KMP and senior management personnel. The Key Objectives of the committee would be:

- I. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- II. Formulation of criteria for evaluation of performance of Independent Directors and the Board;
- III. Devising a policy on Board diversity;
- IV. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- V. To carry out evaluation of the performance of Directors;
- VI. To ensure 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;
- VII. To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- VIII. 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.
- IX. To ensure that the remuneration to Directors, Key Managerial Personnel (KMP), and senior management 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;
- X. To assist the Board in ensuring that the plans are in place for orderly succession for appointments to the Board and to senior management; and
- XI. To recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

- XII. To specify manner for effective evaluation by the Board, of the performance of the individual Directors, Chairperson of the Company and of the Board of Directors of the Company ("Board"), its various committees constituted as required by the Act and Listing Regulations, and to review its implementation and compliance.

#### 4. DEFINITIONS

- i. **'Act'** means Companies Act, 2013 and rules relating thereto.
- ii. **'Board of Directors'** or **'Board'**, in relation to the Company, means the collective body of the directors of the Company.
- iii. **'Committee'** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board
- iv. **'Company'** means Studds Accessories Limited.
- v. **'Directors'** means a director appointed to the Board of a Company.
- vi. **'Independent Director'** means a director referred to in Section 149 (6) of the Companies Act, 2013 and/or as defined under Regulation 16 (b) of the Listing Regulations.
- vii. **'Key Managerial Personnel' (KMP)** means:
  - a. Chief Executive Officer or the Managing Director or the Manager
  - b. Company Secretary
  - c. Whole-time Director
  - d. Chief Financial Officer
  - e. Such other officers, not more than one level below the Directors who is in whole time employment, designated as KMP by the Board and such other officers as may be prescribed.
- viii. **"Senior Management"** means the personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below Chief Executive Officer/ Managing Director/ 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 persons identified and designated as Key Managerial Personnel other than the Board of Directors.

#### 5. CONSTITUTION OF COMMITTEE

- 5.1 The Board of Directors of the Company (the Board) constituted the committee known as "Nomination and Remuneration Committee" consisting of three or more non-executive directors out of which not less than one-half are independent directors.
- 5.2 At present, the Nomination and Remuneration Committee comprises of following Directors:
- i. Mr. Shishira Rudrappa, Chairperson;
  - ii. Ms. Deepshikha Singla, Member; and
  - iii. Mr. Pankaj Duhan, Member.
- 5.3 The Chairperson of the Committee shall be an Independent Director.

- 5.4 The chairperson of the Company (whether executive or nonexecutive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.
- 5.5 In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- 5.6 The Chairperson of the Committee or in his absence, any other member of the committee authorised by him in this behalf shall attend the General Meeting(s) of the Company to answer the shareholders' queries.
- 5.7 The Company Secretary shall act as the Secretary for Committee meetings.
- 5.8 Minutes: Minutes of the meetings shall be recorded and maintained by the Company Secretary and shall be presented to the Committee for approval at its subsequent meeting.
- 5.9 Quorum: The quorum for the Committee meeting shall be one third of its total strength or two members, whichever is higher, including at least one Independent Director and the participation of the members by video conferencing or by other audio-visual means shall also be counted for the purposes of quorum.
- 5.10 The Committee shall meet at least once in a financial year. Further, the meetings of the Committee shall be held as and when required and as statutorily required under the provisions of Companies Act, 2013 and Rules made thereunder and as per the applicable laws, if any, for the time being.
- 5.11 Membership of the Committee shall be disclosed in the Annual Report.
- 5.12 Term of the Committee shall be continued unless otherwise terminated by the Board of Directors.

## **6. CRITERIA FOR APPOINTMENT OF DIRECTOR AND SENIOR MANAGEMENT**

The Committee shall consider the following factors for identifying the person who are qualified to becoming Director and who can be appointed in senior management:

- 6.1 The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director or at Senior Management level and recommend to the Board his / her appointment.
- 6.2 A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise

and experience possessed by a person are sufficient / satisfactory for the concerned position.

- 6.3 An independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.
- 6.4 The Company may appoint or continue the employment of any person as Managing/Whole- time Director/Manager who has attained the age of seventy years subject to the approval of shareholders by passing a special resolution. The explanatory statement annexed to the notice for such motion indicating the justification for appointing such person.
- 6.5 The Company should ensure that the person so appointed as Director/ Independent Director/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder, or any other enactment for the time being in force including SEBI Regulations and RBI Regulations, although not explicitly applicable to the Company.
- 6.6 The Director/ Independent Director/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder, or under listing regulations or any other enactment for the time being in force.
- 6.7 Independent Director shall meet all criteria specified in Section 149(6) of the Companies Act, 2013 and rules made thereunder and/or as specified in Regulation 25 of the listing regulations.

The Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate(s).

## **7. TERM / TENURE**

### **Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Executive Chairperson, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term. Further, any such appointment is subject to the applicable provisions of the Companies Act, 2013 and SEBI Listing Regulations.

### **Independent Director:**

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible

for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

## **8. REMUNERATION OF NON-EXECUTIVE AND INDEPENDENT DIRECTORS**

1. Non-Executive and Independent Directors (“NEDs”) will be paid remuneration by way of sitting fees and commission. The remuneration / commission / compensation to the NEDs will be determined by the NRC and recommended to the Board for its approval. The NRC will determine commission based on Company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board and will recommend to the Board, the quantum of commission for each director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent on the Board and committee meetings, individual contributions at the meetings and contributions made by directors other than in meetings.
2. Overall remuneration (sitting fees and commission) shall be reasonable and sufficient to attract, retain and motivate directors aligned to the requirements of the Company (taking into consideration its future growth imperatives and the challenges faced by the Company).
3. The commission will be paid to the NEDs in accordance with the Act and as approved by the shareholders from time to time.
4. The sitting fee payable to the NEDs for attending the Board and Committee meetings shall be subject to statutory ceiling. The fee may be reviewed periodically.
5. Independent Directors will not be eligible to receive stock options under the employee stock option scheme(s) (“ESOP”) of the Company, unless otherwise permitted by applicable regulations.
6. In addition to the sitting fees and commission, the Company may pay to any director such fair and reasonable expenditure, as may have been incurred by the director while performing his/her role as a director of the Company. This could include reasonable expenditure incurred by the director for attending Board / Board committee meetings, general meetings, court convened meetings, meetings with shareholders / creditors / management, site visits, induction, and training (organized by the Company for directors) and in obtaining professional advice from independent advisors in the furtherance of his/her duties as a director.
7. The remuneration payable to the Directors for services rendered in other capacity shall be inclusive of any remuneration payable for services rendered by such director in any other capacity, unless:
  - a) The services rendered are of a professional nature; and
  - b) The NRC is of the opinion that the director possesses requisite qualification for the practice of the profession.
8. The remuneration payable by the Company to NEDs shall be subject to the conditions specified in the Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.



## **9. REMUNERATION OF EXECUTIVE DIRECTOR / KEY MANAGERIAL PERSONNEL / OTHER EMPLOYEES**

The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be:

1. Market competitive (market for every role is defined as companies from which the Company attracts talent or companies to which the Company loses talent);
2. Driven by the role played by the individual;
3. Reflective of size of the Company, complexity of the sector/industry/Company's operations and the Company's capacity to pay;
4. Consistent with recognized best practices and
5. Aligned to any regulatory requirements.

The compensation paid to the executive directors (including managing director) will be within the scale approved by the shareholders. The elements of the total compensation, approved by the NRC will be within the overall limits specified under the Act. The remuneration payable by the Company to the executive directors shall be subject to the conditions specified in the Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

The Company's total compensation for KMP as defined under the Act / other employees will consist of:

1. fixed compensation in line with the skills, experience and performance;
2. variable compensation, including performance-based incentive;
3. benefits including retirement, insurance, and medical coverage; and
4. work-related facilities and perquisites in line with policies issued from time to time.

In addition, select senior executives including the executive directors (including managing director) but excluding promoter director, will be eligible for long-term incentive plan in the form of ESOPs, as per the ESOP scheme in force from time to time. Grants under the ESOP scheme will be approved by the NRC.

In addition to the basic/ fixed salary, benefits, perquisites, and allowances as provided above, the Company may provide executive directors (including managing director) such remuneration by way of commission, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board, subject to the overall ceilings stipulated in Section 197 of the Act. The specific amount payable to the executive directors (including managing director) would be based on performance as evaluated by the Board or the NRC and approved by the Board. In case of inadequacy of profit in any financial year, the remuneration payable to the executive director shall be further subject to the relevant provisions of the Act.

The NRC will determine the annual variable pay compensation in the form of annual incentive and annual increment for the executive director subject to the achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the Board, such as Company's and individual's performance against the pre-agreed objectives for the year.

A formal annual performance management process will be applicable to Managerial Personnel, Director, KMP and Senior Management. Performance linked bonus /incentive and annual increases in fixed and variable compensation of individual executives will be linked to the performance assessment of individual and the Company's performance.

Executive directors will not be paid sitting fees for any Board / committee meetings attended by them.

#### **10. COMMITTEE MEMBERS INTEREST**

1. A member of the NRC is not entitled to participate in the discussions when his/her own remuneration is discussed at a meeting or when his/her performance is being evaluated.
2. The NRC may invite such executives, as it considers appropriate, to be present at the meetings of the NRC.

#### **11. 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 or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

#### **12. RETIREMENT**

The Director and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director or Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

#### **13. ADOPTION, CHANGES AND DISCLOSURE OF INFORMATION**

1. The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit. The Company Secretary being the Compliance Officer is also authorized to make amendment in this policy, where there are any statutory changes necessitating the amendment in the policy.
2. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc.

shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s)etc.

3. This Policy shall also be posted on the website of the Company and the details of this Policy, including the evaluation criteria, shall be mentioned in the Annual Report of the Company.

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