

FLAIR WRITING INDUSTRIES LIMITED
NOMINATION, REMUNERATION AND BOARD DIVERSITY POLICY

1. BACKGROUND

Section 178 of the Companies Act, 2013 requires the Nomination and Remuneration Committee (“**Committee**”) to recommend to the Board of Directors (“**Board**”) a policy for nomination and remuneration of directors, key managerial personnel (“**KMP**”) and persons who may be appointed in senior management positions.

This remuneration policy (“**Policy**”) harmonises the requirements of the Companies Act, 2013 including any rules made thereunder, each as amended (“**Act**”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**Listing Regulations**”).

Flair Writing Industries Limited (“**Company**”) considers its human resources its invaluable assets. This Policy has been formulated to align aspirations of the employees with the goals of the Company.

The Board of Directors (the “**Board**”) at their meeting held on February 10, 2024 has approved and adopted this revised Policy, on the recommendation of the Nomination and Remuneration Committee (“**Committee**”), in compliance with the requirements under the provisions of the Companies Act, 2013 and rules made thereunder (the “**Act**”), and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) as amended from time to time.

2. OBJECTIVE

The Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013, and SEBI Listing Regulations. The key objectives of the Committee would be:

1. To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non- executive including Independent Directors), Key Managerial Personnel and persons who may be appointed in senior management positions.
2. To provide framework for remuneration of the Directors, Key Managerial Personnel and Senior Management Personnel and align with the Company’s business strategies, values, key priorities and goals..
3. To provide for rewards linked directly to the effort, performance, dedication and achievement of Company’s targets by the employees.
4. To evaluate the performance of every member of the Board, KMP, member of Senior Management and provide necessary report to the Board for their further performance evaluation by the Board.

5. To do such other acts or deeds as may be prescribed under applicable law.
6. To lay down approach for Board diversity.

3. SCOPE

This Policy does not cover temporary or contractual employees, trainees, apprentices, consultants engaged on a retainer basis or otherwise and casual labour.

4. DEFINITIONS

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

“**Applicable Law**” includes any statute, law, regulation, ordinance, rule, judgment, order, decree, bye-law, clearance, directive, guideline, notification and clarification or other governmental instruction and/or mandatory standards as may be applicable to the Company from time to time.

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

“**Committee**” means the Nomination and Remuneration Committee of the Board.

“**Company**” shall mean Flair Writing Industries Limited.

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

“**Key Managerial Personnel**” or “**KMP**” shall have the same meaning ascribed to it in clause (51) of section 2 of the Act.

“**Other Employees**” means the employees as may be decided by the Committee from time to time.

“**Senior Management**” “**Senior Management Personnel**” means officers/personnel of the Company who are members of its Core Management Team (i.e. Chief Operating Officer, Senior Manager - Purchase, Head - Accounts, Head - Human Resources, Senior Vice President - Sales and Assistant General Manager - Factory and Administration and/or equivalent to such designations) excluding Board Members comprising 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 chief financial officer and company secretary (except administrative support staff / executive assistants), including the Functional Heads as stated above in the core management team.

“**SEBI Listing Regulations**” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

Words and expressions not defined in this Policy shall have the same meaning as contained in the Act, the Listing Regulations or any other applicable laws or

regulations. In case of any contradictions in the provisions of the Listing Regulations, the Act or any other regulation and provisions of the Policy, the provisions of the Act and the Listing Regulations will prevail over the Policy.

5. ROLE OF COMMITTEE

The Committee shall:

1. Identify persons who are qualified to become directors and who may be appointed as Senior Management of the Company including KMPs in accordance with the criteria laid down in this Policy.
2. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board, remuneration of the Directors, KMP, Senior Management and other employees of the Company.
3. Formulation of criteria for evaluation of independent directors and 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:
 - a. use the services of external agencies, if required;
 - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c. consider the time commitments of the candidates
4. Devising a policy on Board diversity.
5. To lay down or amend Policy for appointment and removal of Director, KMP and Senior Management Personnel.
6. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.
7. Recommend to the Board whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
8. 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.
9. To ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
10. To recommend to the Board, all remuneration, in whatever form, payable to Senior Management
11. To ensure that the remuneration to Directors, KMP and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives of the Company.
12. Administering, monitoring and formulating detailed terms and conditions of any ESOP plans of the Company.

6. APPLICABILITY OF PARTS

- a) Part I provides for criteria for appointment of Directors, Key Managerial Personnel, Senior Management Personnel and other employees;
- b) Part II deals with remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and other employees (parameters, components and limit).

PART I: APPOINTMENT

7. GENERAL CRITERIA

- a) The Board shall comprise of optimum number of Directors as is necessary to effectively manage the affairs of the Company. Subject to a minimum of 3 and maximum of 15, the Board shall have an appropriate combination of Executive and Non- Executive Directors.
- b) The Committee shall be responsible for identifying suitable candidate for appointment as Director of the Company. While evaluating a person for appointment / re- appointment as Director, the Committee shall consider and evaluate number of factors including but not limited to background, knowledge, skills, abilities (ability to exercise sound judgement), professional experience and functional expertise, educational and professional background, personal accomplishment, age, experience of Stationary sector / industry, marketing, technology, finance and other disciplines relevant to the business etc. and such other factors that the Committee might consider relevant and applicable from time to time towards achieving a diverse Board.
- c) The proposed candidate shall possess appropriate expertise, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, Stationary, personal use products, corporate governance or such other areas related to the Company's business as determined by the Committee.
- d) During the term of the office, every director shall -
 - uphold ethical standards of integrity and probity;
 - act objectively and constructively;
 - exercise responsibilities in a bona- fide manner in the interest of the Company;
 - shall be free from any disqualifications as stipulated under the Act as well as the Listing Regulations;shall be able to devote sufficient time and efforts in discharge of duties and responsibilities effectively.

8. APPOINTMENT OF MANAGING DIRECTOR/WHOLE- TIME DIRECTOR

The Board based on the recommendation of the Committee shall be responsible for identifying suitable candidate for the position of Managing Director/Whole- time Director.

The terms and conditions of the appointment shall be in accordance with the provisions of Applicable Law.

9. APPOINTMENT OF INDEPENDENT DIRECTOR

While evaluating a person for appointment / re- appointment as an Independent Director, the Committee shall ensure that the proposed candidate satisfies the following additional criteria:

- a) Meet the baseline definition and criteria of “independence” as set out in section 149 of the Act, the Listing Regulations, and other applicable laws.
- b) No independent director, who resigns from a listed entity, shall be appointed as an executive / whole time director on the board of the listed entity, its holding, subsidiary or associate company or on the board of a company belonging to its promoter group, unless a period of one year has elapsed from the date of resignation as an independent director.
- c) Has attained minimum age of 25 years and is not older than 70 years.
- d) Does not hold independent directorship in more than seven listed entities.
- e) Does not hold directorship in more than three listed entities if serving as a whole-time director in any listed entity
- f) An independent director shall hold office for a term up to five consecutive years 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. The appointment, re-appointment or removal of an independent director of a listed entity, shall be subject to the approval of shareholders by way of a special resolution.
- g) No independent director shall hold office for more than two consecutive terms, 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 above period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

An Independent Director shall be under the obligation to inform the Board of Directors of any change in circumstances which may affect his/her independence.

The re- appointment / extension of term of the Director shall be on the basis of their performance evaluation report.

10. APPOINTMENT OF KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL (NOT BEING A DIRECTOR)

- a) The Managing Director and Head HR (“MD & Head HR”) shall be responsible for identifying suitable candidate for the position of Key Managerial Personnel i.e. Chief Financial Officer, Company Secretary and other Senior Management Personnel;
- b) While evaluating a candidate for appointment as Key Managerial Personnel or Senior Management Personnel factors such as, competence, integrity, qualifications, expertise, skills and experience shall be taken into consideration; The appointment of Key Managerial Personnel and Senior Management Personnel shall be approved by the Board on recommendation of the Committee and the MD & Head HR.

11. APPOINTMENT OF OTHER EMPLOYEES

The appointment of other employees shall be made on the basis of the experience, qualification, expertise of the individual as well as the roles and responsibilities required for the position and shall be approved by the Human Resource Department under the overall control of the MD & Head HR.

REMOVAL OF DIRECTORS, KMP OR SENIOR MANAGEMENT PERSONNEL

- a) The removal of directors, KMP or senior management personnel may be warranted due to reasons such as disqualification prescribed under the applicable laws, performance, disciplinary reasons, etc.
- b) The removal of any director can be recommended by Committee in consultation with the Chairman to the Board. The removal shall be finally approved by the shareholders’ basis recommendation of the Board.
- c) The removal of KMP and senior management personnel shall be approved by the Board basis recommendation of the Committee and MD.
- d) The Director, KMP 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, KMP, Senior Management Personnel in the same position remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

PART II:

12. REMUNERATION BOARD MEMBERS

- a) The overall limits of remuneration of the board members including executive board members(i.e.) managing director, whole- time director, executive directors etc.) are governed by the provisions of section 197 of the Act read with the Rules and Schedules made thereunder and shall be approved by the shareholders of the Company.

- b) Within the overall limit approved by the shareholders, on the recommendation of the Committee, the Board shall determine the remuneration. The Board can determine different remuneration for different directors on the basis of their role, responsibilities, duties, time involvement etc.
- c) While determining the remuneration to Directors, KMP, Senior Management Personnel and other employees, the following shall be ensured:
 - The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors, KMP, senior management and other employees of the quality required to run the Company successfully;
 - Relationship of remuneration to performance is clear and meets appropriate benchmarks and
 - Remuneration to directors, KMP, senior management and other employees involves a balance of fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

13. REMUNERATION TO MANAGING DIRECTOR/WHOLE- TIME DIRECTOR

The shareholders shall approve maximum permissible amount which can be paid to the Managing Director/Whole- time Director. Within the overall limits approved by the shareholders, on the recommendation of the Nomination and Remuneration Committee, the Board shall have the authority to revise the remuneration from time to time.

14. REMUNERATION TO NON- EXECUTIVE DIRECTORS

Pursuant to the provisions of Section 197 of the Act and the shareholders' approval, the Board has approved the following remuneration for Non- Executive Directors (including Independent Directors):

Non- Executive Directors shall be entitled to the sitting fees attending the board meetings and the board committee meetings thereof. Provided that the amount of such fees shall be decided by the Board and shall not be more than such amount as may be prescribed by the central government from time to time.

The Non- Executive Directors shall be entitled to such commission as approved by the Board within the overall limits approved by the shareholders. In no case the commission shall exceed 1% of the profits of the Company computed as per the applicable provisions of the Act

The sitting fee shall be payable after the board / board committee meeting to those directors who attend the meeting. The Commission shall be payable at the end of the financial year after approval of the annual financial statements by the Board.

The Independent Directors will not be entitled for grant of Stock Options.

All the Directors shall be entitled to reimbursement of reasonable expenditure incurred by him/her for attending Board/Committee meetings, general meetings, court convened meetings, meetings with shareholders/creditors/management, site visits, induction and training programmes and in obtaining professional advice from independent advisors in furtherance of his/her duties as a director.

15. REMUNERATION TO KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES (NOT BEING A DIRECTOR)

The MD in consultation with Head HR shall propose the remuneration for the KMPs and Senior Management Personnel to the Committee. The Board shall have the final authority to approve the remuneration based on recommendation of Committee.

The remuneration including revision in remuneration of other employees shall be decided by the Human Resources Department within the overall framework of compensation and appraisal practices of the Company and under the overall authority of the MD & Head HR. The remuneration may include basic salary, allowances, perquisites, performance linked incentive, retirement benefits, joining / retention bonus, long- term or retention incentives, leave travel concessions, ex- gratia / one-time payments, medical benefits, housing / other loans at concessional rates, severance package or any other component/ benefits.

The Key Managerial Personnel, Senior Management Personnel and other employees of the Company (not being a Director) shall also be eligible for grant of stock options, wherever deemed fit, under the applicable Employee Stock Option Scheme of the Company, as may be decided by the Committee from time to time.

16. DIRECTORS AND OFFICERS LIABILITY INSURANCE POLICY

All directors and officers (including Key Managerial Personnel and Senior Management Personnel) of the Company would be covered by the requisite Directors and Officers Liability Insurance Policy.

17. BOARD DIVERSITY

- a) The Company acknowledges the importance of diversity in its broadest sense in the Boardroom as a driver of Board effectiveness. Diversity encompasses diversity of perspective, experience, education, background, ethnicity and personal attributes. The Company recognizes that gender diversity is a significant aspect of diversity and acknowledges the role that woman with the right skills and experience can play in contributing to diversity of perspective in the Boardroom.
- b) The Committee shall review and evaluate Board composition to ensure that the Board and its Committees have the appropriate mix of skills, experience, independence and knowledge to ensure their continued effectiveness. In doing so, it will take into account diversity, including diversity of gender, amongst other relevant factors. The Committee will ensure that no person is discriminated

against on grounds of religion, race, gender, pregnancy, childbirth or related medical conditions, national origin or ancestry, marital status, age, sexual orientation or any other personal or physical attribute which does not speak to such person's ability to perform as a Board member.

- c) All appointments to the Board (as recommended by the Committee) shall be made on merit while taking into account suitability for the role, Board balance and composition, the required mix of skills, background and experience (including consideration of diversity and ethnicity). Other relevant matters such as independence and the ability to fulfil required time commitments in the case of Independent and Non- Executive Directors will also be taken into account.
- d) The Committee shall monitor and periodically review the Board Diversity and recommend to the Board so as to improve one or more aspects of its diversity and measure progress accordingly.
- e) The Company will be able to ensure Board diversity if shareholders are able to judge for themselves whether the Board as constituted is adequately diverse. The Company shall continue to provide sufficient information to the shareholders about the qualifications, expertise and characteristics of each Board Member.

18. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required and/or as per the applicable provisions of the Act and/or SEBI Listing Regulations.

19. COMMITTEE MEMBERS' INTERESTS

A member of the Committee shall not be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

20. VOTING

Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

In the case of equality of votes, the Chairman of the meeting will have a casting vote.

21. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted, tabled at the subsequent Board and Committee meeting and shall be signed by the Chairman of the Committee within 30 days from the date of conclusion of such meeting.

22. ADMINISTRATION, REVIEW AND AMENDMENT OF THE POLICY

The Committee shall monitor and periodically review the Policy and recommend the necessary changes to the Board for its approval.

The Managing Director and the Company Secretary are jointly authorised to amend the policy to give effect to any changes/amendments notified by Ministry of Corporate Affairs or the Securities and Exchange Board of India or any other regulatory authority. The amended policy shall be placed before the Board for noting and ratification.