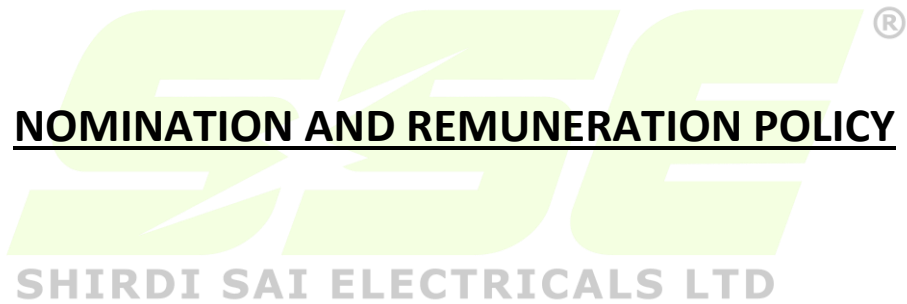




SHIRDI SAI ELECTRICALS LIMITED

(CIN: U31401TG2010PLC069777)



NOMINATION AND REMUNERATION POLICY

SHIRDI SAI ELECTRICALS LIMITED

Nomination and Remuneration Policy

DOCUMENT VALIDATION NOTE

Shirdi Sai Electricals Limited, incorporated under the provisions of the Companies Act 1956, and having its Registered Office situated G Pulla Reddy Sweets Building, 3rd Floor, # 6-3-8-879/B, Greenland Road, Begumpet, Hyderabad – 500016, Telangana (the Company), has formulated and adopted this Nomination and Remuneration Policy in terms of Section 178 of the Companies Act 2013 read along with the applicable rules thereto.

The Objective of this policy is to lay down a framework in relation to remuneration of directors, Key Managerial Personnel and senior management personnel.

Accordingly, on the recommendation of the NRC Committee, this Policy was approved by the Board of Directors of the Company at its meeting held on 30.09.2023, and deemed to have come into effect from 30.09.2023.

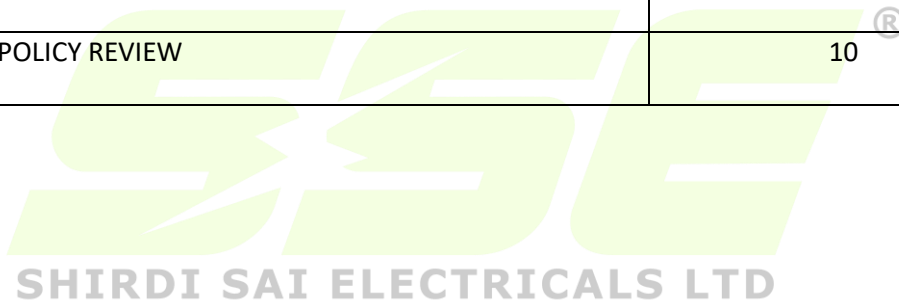
TITLE	PARTICULARS
Version	2.0
Reviewing Authority	Nomination & Remuneration Committee of Directors
Approving Authority	Board of Directors of the Company
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Review cycle	As recommended by the NRC Committee.

SHIRDI SAI ELECTRICALS LIMITED

Nomination and Remuneration Policy

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I. INTRODUCTION

This Policy shall be called the Nomination and Remuneration (NRC) Policy (the “Policy”) of Shirdi Sai Electricals Limited (the “Company”).

In pursuance of the Company’s Policy to consider human resources as its invaluable asset, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and Employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 (the “Act”) as amended from time to time, this Policy on nomination and remuneration of Directors and Key Managerial Personnel has been formulated by the Nomination and Remuneration Committee (the “Committee”) and approved and adopted by the Board of Directors.

II. OBJECTIVE

- To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- To formulate criteria for evaluation of Independent Directors and the Board.
- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- To carry out evaluation of Directors’ performance.
- To recommend to the Board the appointment and removal of Directors and Senior Management.
- To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- To recommend to the board, all remuneration, in whatever form, payable to senior management.
- To devise a policy on Board diversity, composition, size.
- To specify the manner for effective evaluation of performance of Board, its Committees and individual Directors to be carried out either by the Board, by NRC or by an independent external agency and review its implementation and compliance.
- To evaluate the skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required for appointment of an independent director.
- To ensure that the person so recommended to the Board for appointment as an Independent Director shall have the capabilities identified as per provisions of Companies Act, 2013.
- To administer and superintend the Employee Stock Options of the Company and other functions that may be assigned to the Nomination and Remuneration Committee.

III. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of three or more non-executive Directors out of which not less than one-half shall be independent directors. The Board has the power to reconstitute the Committee consistent with the Company’s policy and applicable statutory requirements.

IV. DEFINITIONS:

- **“Board”** means Board of Directors of the Company.
- **“Directors”** means Directors of the Company.
- **“Committee”** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- **“Company”** means Shirdi Sai Electricals Limited.
- **“Employees’ Stock Option”** means the option given to the directors, officers or employees of the Company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the Company at a future date at a pre-determined price.
- **“Independent Director”** means a director appointed as per the provisions of Section 149(6) of the Act.
- **“Key Managerial Personnel (KMP)”** means as per Section 2(51) of the Act:
 - (i) the Chief Executive Officer or the Managing Director or the Manager; [®]
 - (ii) the Whole-time Director;
 - (iii) the Chief Financial Officer;
 - (iv) the Company Secretary;
 - (v) such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board; and;
 - (vi) such other officer(s) as may be prescribed.
- **“Senior Management”** 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.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Act and as may be amended from time to time, shall have the meaning respectively assigned to them therein.

V. GENERAL:

- This Policy is divided in to three parts:
 - Part – A covers the matters to be dealt with and recommended by the Committee to the Board
 - Part – B covers the appointment and removal and
 - Part – C covers the remuneration and perquisites etc.
- The key features of this Company’s Policy shall be included in the Board’s Report

PART – A

MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the Directors, Key Managerial Personnel, Senior Management and other employees.
- 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.
- Recommend to the Board, appointment, and removal of Director, KMP and Senior Management Personnel.
- Formulation of criteria for evaluation of Independent Directors and the Board and 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.
- Formulate, implement and administer Employee Stock Option Scheme(s) of the Company and grant stock options to the employees.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment, or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

PART – B

POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

❖ Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
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 is sufficient / satisfactory for the concerned position.
3. The Committee shall evaluate the 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.

4. For the purpose of identifying suitable candidates for appointment of an Independent Director, the Committee may: i) use the services of an external agencies, if required; ii) consider candidates from a wide range of backgrounds, having due regard to diversity; and iii) consider the time commitments of the candidates.
5. The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

❖ **Term / Tenure:**

1. Managing Director/Whole-time Director:

- The Company shall appoint or re-appoint any person as its Executive Chairman, 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.
- The Whole Time Directors of the Company are subject to retirement by rotation at the Annual general meeting in the manner as specified under relevant laws.

2. Independent Director:

- For appointment / re-appointment of a person as an Independent Director, the Committee shall ensure that the proposed candidate satisfies criteria of “independence” as set out in Section 149 of the Act.
- An Independent Director shall hold office for a term not exceeding five consecutive years on the Board of the Company and will be eligible for re-appointment and disclosure of such appointment / reappointment in the Board's report.
- 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 said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

❖ **Evaluation:**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management personnel at regular interval (yearly).

❖ **Removal:**

Due to reasons for any disqualification mentioned in the Act, rules made thereunder or under any other applicable law, rules and regulations, 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 and compliance of the said Act, Rules and Regulations.

❖ **Retirement:**

The Director, KMP and Senior Management personnel shall retire as per the applicable provisions of the Companies Act, 2013 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 – C

POLICY RELATING TO THE REMUNERATION FOR THE DIRECTORS, KMP AND SENIOR MANAGEMENT PERSONNEL

❖ **General:**

1. The remuneration / compensation / commission etc. to the Directors, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. of Directors shall be subject to the prior / post approval of the shareholders of the Company, wherever required.
2. The remuneration and commission to be paid to the Directors shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director(s), and such percentage as they may deem fit, in respect of other employees of the Company.
4. Where an insurance is taken by the Company on behalf of its Directors, 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.

❖ **Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:**

1. Fixed pay:

The Whole-time Directors / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the Shareholders, wherever required.

2. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Director(s) in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the shareholders.

3. Provisions for excess remuneration:

If any Directors draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the shareholders, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

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❖ **Remuneration to Non- Executive / Independent Director:**

1. Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Companies Act, 2013 and the rules made thereunder.

2. Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs.1,00,000 (Rupees one lakh only) per meeting of the Board or Committee.

3. Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

VI. POLICY REVIEW:

1. This Policy is framed based on the provisions of the Act and rules thereunder.
2. In case of any subsequent changes in the provisions of the Act or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or such regulations, then the provisions of the Act or regulations would prevail over and above the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.
3. This Policy shall be reviewed by the Nomination and Remuneration Committee, periodically. Any changes or modification to the Policy as recommended by the Committee would be placed before the Board of Directors for their approval.

