

SHRADHA AI TECHNOLOGIES LIMITED

(Formerly known as Shradha Industries Limited)

NOMINATION & REMUNERATION POLICY

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and applicable regulation of the Listing Regulations, as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

A. SCOPE

All the Words and expressions used in this Policy, unless defined hereinafter, shall have meaning respectively assigned to them under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended from time to time.

B. DEFINITION

“Act” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

“Board of Directors” or “Board” means the Board of Directors of Shradha Industries Limited, as constituted from time to time.

“Company” means Shradha Industries Limited.

“Committee” means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.

“Key Managerial Personnel” mean Chairman, Whole Time Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary & Compliance Officer of Shradha Industries Limited;

“Listing Regulations” mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications, circulars or re-enactment thereof.

“Policy” or “This policy” means Nomination and Remuneration Policy.

“Remuneration” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income Tax Act, 1961.

“Senior Management Personnel” means to include all senior officers just below the board level other than Whole-time Directors. Senior management to include one level below 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 company secretary and chief financial officer.

“Schedule” means a Schedule III of (Listing Obligations and Disclosure Requirements) Regulations, 2015

“Subsidiary Company” means Subsidiary Company as defined under Section 2(87) of the Companies Act, 2013. Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 or rules made thereunder, as may be amended from time to time shall have the meaning respectively assigned to them therein.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Regulations or any other applicable law or regulation to the extent applicable to the Company.

C. OBJECTIVE

1. Identifying potential candidates who are qualified to become Directors and who may be appointed in senior management.
2. Determining the composition of the Board of Directors and the sub-committees of the board.
3. Specify methodology for effective evaluation of performance of Board/Committees/Directors either by Board, NRC or an Independent external agency and to review implementation of evaluation system.
4. Carry out the evaluation of every Director’s performance and formulate criteria for evaluation of Independent Directors, Board/ Committees of Board and review the term of appointment of Independent Directors on the basis of the report of performance evaluation of Independent Directors, 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.
5. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
6. Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
7. To assist the Board’s overall responsibility relating to executive compensation and recommend to the Board appropriate compensation packages for Whole-time Directors and Senior Management personnel in such a manner so as to attract and retain the best available personnel for position of substantial responsibility with the Company.
8. Overall responsibility of approving and evaluating the compensation plans, policies and programs for all the Executive Directors and Senior Management Personnel.
9. Devising a policy on diversity of board of directors.
10. Deciding 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.
11. Recommend to the board, the remuneration for the directors, key managerial personnel and other employees and in whatever form, payable to senior management.

D. APPOINTMENT CRITERIA AND QUALIFICATIONS

a. 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.

b. 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.

c. 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.

E. TERM / TENURE:

a. 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.

b. 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.

At the time of appointment of Independent Director(s) it should be ensured that number of Boards on which such Independent Director serves is restricted to 7 (seven) listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act or the SEBI Listing Regulations.

F. EVALUATION

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

This evaluation will be directed by the Chairman of the Nomination and Remuneration Committee with specific focus on the performance and effective functioning of the Board. The evaluation will be conducted through questionnaire having qualitative parameters and

feedback based on ratings. The Directors expressed their satisfaction with the evaluation process.

The evaluation of performance of the Board, its Committees and Individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance. The evaluation of independent directors shall be done by the entire board of directors which shall include – (a) performance of the directors; and (b) fulfillment of the independence criteria as specified in these regulations and their Independence from the management: Provided that in the above evaluation, the directors who are subject to evaluation shall not participate.

G. REMOVAL

Due to reasons for any disqualifications mentioned in the Act or under any other applicable Act, rules and regulations there under, 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.

H. RETIREMENT

The Directors, 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 in 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.

I. POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL

The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the Shareholders of the Company and Central Government, wherever required and shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down as per the provisions of the Act.

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 or as laid down as per the provisions of the Act.

J. REMUNERATION TO MANAGING/ WHOLE-TIME / EXECUTIVE/MANAGING DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL:

i. Fixed Pay

ii. The Whole-time / Executive / Managing Director / KMP and Senior Management 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 but not limited to, employer's contribution to Provident Fund (P.F.), Superannuation Fund , Pension

Scheme, medical expenses, club fees, leave travel allowance, etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the Shareholders and Central Government, wherever required.

iii. **Minimum Remuneration:** If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time / Executive / Managing Director in accordance with the provisions of Section 197 of the Act and Schedule V to the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

iv. **Provisions for excess remuneration:** If any Whole-time / Executive / Managing Director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, 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

K. REMUNERATION TO NON-EXECUTIVE/INDEPENDENT DIRECTOR:

1) **Remuneration / Commission:** The remuneration / commission shall be in accordance with the statutory provisions of the Act and the Rules made thereunder for the time being in force.

2) **Sitting Fees:** The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of the Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Act, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

3) **Limit of Remuneration/Commission:** Remuneration/ Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

4) **Stock Options:** An Independent Director shall not be entitled to any stock option of the Company.

L. REMUNERATION TO OTHER EMPLOYEES:

- Apart from the Directors, KMPs and Senior Management Personnel, the remuneration for rest of the employees is determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity and market conditions.

- The various remuneration components, basic salary, allowances, perquisites etc. may be combined to ensure an appropriate and balanced remuneration package.

- The annual increments to the remuneration paid to the employees shall be determined based on the appraisal carried out by the HODs of various departments. Decision on Annual Increments shall be made on the basis of this appraisal.

M. MEETINGS

The Committee shall meet at least once in a year. Additional meetings may happen as the Committee deems it appropriate. Minutes of the meeting shall be circulated to the Committee. The Committee shall report to the Board regarding its actions and make necessary recommendations to the Board. The Committee shall be governed by the same rules regarding meetings as are applicable to the Board.

N. QUORUM

- a) The Committee shall comprise of at least (3) Directors, all of whom shall be non-executive Directors and at least half shall be Independent Directors.
- b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Act and the SEBI Listing Regulations.
- c) The quorum for the Meeting of the Nomination and Remuneration Committee shall either be two members or one third of the total strength of the Committee, whichever is higher (including at least one independent director in attendance).
- d) Membership of the Committee shall be disclosed in the Annual Report.
- e) Term of the Committee shall be continued unless terminated by the Board of Directors.

Secretary: The Company Secretary of the Company shall act as Secretary of the Committee.

Committee members' interests:

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee

O. DUTIES OF THE NOMINATION & REMUNERATION COMMITTEE

- **DUTIES WITH RESPECT TO NOMINATION:** The duties of the Committee in relation to nomination matters include:
 - Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
 - Ensuring that on appointment to the Board, Independent Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
 - Identifying and recommending Directors who are to be put forward for retirement by rotation.
 - Determining the appropriate size, diversity and composition of the Board;
 - Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
 - Developing a succession plan for the Board and Senior Management and regularly

reviewing the plan;

- Evaluating the performance of the Board members and Senior Management in the context of the
- Company's performance from business and compliance perspective; Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board; and
- Considering any other matters, as may be requested by the Board.

➤ **DUTIES WITH RESPECT TO REMUNERATION:**

The duties of the Committee in relation to remuneration matters include:

- to consider and determine the remuneration policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- to approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and variable pay reflecting short and long term performance objectives appropriate to the working of the Company.
- to delegate any of its powers to one or more of its members or the Secretary of the Committee.
- to consider any other matters as may be requested by the Board

P. DEVIATIONS FROM THIS POLICY

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

Q. POLICY REVIEW

The NRC or Board may review the Policy from time to time. The NRC or Board may subject to the applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy. However, no such amendment or modification shall be inconsistent with the applicable provisions of any law for

the time being in force.

R. LIMITATION

In the event of any conflict between the provisions of this Policy and the Listing Regulations; Companies Act, 2013; Regulations or any other statutory enactments, rules, the provisions of such Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy and the part(s) so repugnant shall be deemed to severed from the Policy and the rest of the Policy shall remain in force.

S. WEBSITE

This Policy shall be hosted on the website of the Company and address of such weblink thereto shall be provided in the Annual Report of the Company.
