



**NOMINATION AND REMUNERATION
& BOARD DIVERSITY POLICY**

REGISTERED AND CORPORATE OFFICE

Shalby Limited

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1. LEGAL FRAMEWORK

As per the requirements of Companies Act 2013, the Board of Directors of Shalby Limited (“Company”) has constituted a Nomination and Remuneration Committee. The Committee’s role is to be supported by a policy for nomination of Directors and Senior Management Personnel including Key Managerial Personnel as also for remuneration of Directors, Key Managerial Personnel (KMP), Senior Management Personnel and other Employees. Further, a policy on Board Diversity is also to be adopted.

This policy has been initially adopted by the Board of Directors of the Company w.e.f. December 20, 2016 and subsequently amended on January 28, 2019 by the Board of Directors of the Company effective from w.e.f. April 1, 2019.

2. DEFINITIONS

For the purpose of this Policy:

- I. **‘Act’** shall mean the Companies Act, 2013;
- II. **‘Board’** shall mean the Board of Directors of Shalby Limited (Shalby);
- III. **‘Committee’** shall mean the Nomination and Remuneration committee of the Company, constituted and re constituted by the Board from time to time;
- IV. **‘Company’** shall mean Shalby Limited (Shalby);
- V. **‘Directors’** shall mean the directors of the Company;
- VI. **‘Independent Director’** shall mean a director referred to in Section 149 (6) of the Companies Act, 2013 and under the Listing Agreement with the Stock Exchanges;
- VII. **‘Other employees’** means all the employees other than the Directors, KMPs and the Senior Management Personnel.
- VIII. **‘Key Managerial Personnel’** or KMP means key managerial personnel as defined under the Companies Act, 2013 & includes:
Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-Time Director;
Company Secretary; and
Chief Financial Officer
Such other officer as may be prescribed
- IX. **‘Senior Management Personnel’** means personnel of the company who are members of its core management team excluding Board of Directors, and comprises of all members of management who are in the grade that is one level below the Chief Executive officer/Managing Director/whole time Director/Manager (including CEO/manager if they are not part of the Board) and shall specifically include Company Secretary and Chief Financial officer
- X. **‘Nomination & Remuneration Committee’** means “Nomination & Remuneration Committee” constituted by the Board of Directors of the Company from time to time under the provisions of the Companies Act 2013 and the Listing Agreement with the Stock Exchanges.

3. OBJECTIVE & PURPOSE

The Nomination & Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read with applicable rules thereto and SEBI (LODR) Regulations, 2015 as amended from time to time. The objective and purpose of the Committee would be as follows:

- I. To guide and assist the Board in laying down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Whole-time and Independent) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration through a remuneration policy.
- II. The Company has adopted a remuneration policy which provides for Performance Related Pay (PRP), a reward linked directly to efforts, performance, dedication and achievement relating to the Company's operations. Apart from the PRP, the annual increases in remuneration have a component of Merit Increase, which is also linked to performance of an individual. This policy provides the Committee with an overall framework for governance of the remuneration policy of the Company.
- III. To retain, motivate and promote talent and to ensure long term sustainability for retention of talented managerial persons and create competitive advantage for the Company.
- IV. To guide and assist the Board in laying down ESOP Compensation policy in terms of SEBI Guidelines, as and when decided.
- V. To guide and assist the Board in clarifying any matter relating to remuneration.

4. CONSTITUTION

The Board has determined the membership of the Nomination and Remuneration Committee (hereinafter "the Committee"). The Committee shall elect its Chairman.

5. NOMINATION & REMOVAL CRITERIA

Appointment criteria and qualifications:

- I. The Committee shall identify and ascertain the following criteria for the appointment to the positions of Director, KMP and Senior Management
 - i. possess the highest ethics, integrity, value
 - ii. Be willing to devote sufficient time and energy
 - iii. Have demonstrated high level of leadership and vision
 - iv. not have direct/indirect conflict with present or potential business/ operations of the Company
 - v. Have expertise and relevant experience (In exceptional circumstances, specialization / expertise in unrelated areas may also be considered)
 - vi. Have the balance and maturity of judgment

- II. The Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate/s for appointing him/her as Directors of the Company.
- III. A potential candidate being considered for appointment to a position should possess adequate qualification, expertise and experience for the position. The Committee shall review qualifications, expertise and experience commensurate to the requirement for the positions. The Committee will insist on the highest standards of ethical and moral qualities to be possessed by such persons as are considered eligible for the positions.
- IV. The Committee shall determine the suitability of appointment of a person to the Board of Directors of the Company by ascertaining whether the fit and proper criteria are met by the candidate in the opinion of the Committee.
- V. The Committee may recommend appropriate induction & training programme for any or all of the appointees.
- VI. The Company shall normally not appoint or continue the employment of any person as Whole Time Director, KMP or Senior Management Personnel who has attained the superannuation age as per the policy of the Company.
- VII. The Committee shall make 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 a director subject to the provisions of law and the respective service contract.
- VIII. The Committee may recommend any necessary changes in the Policy to the Board, from time to time.
- IX. The Company should ensure that the person so appointed as Director/ Independent Director, KMP, Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made there under or any other enactment for the time being in force.
- X. The Director/Independent Director/Senior Management Personnel/KMP shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made there under or any other enactment for the time being in force.
- XI. The company shall familiarize the independent directors with the company, including their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., through various programs/deliberation.
- XII. Process for Identification / Appointment of Directors:
 - i. Board members may (formally or informally) suggest any potential person to the Chairman of the Company meeting the above criteria. If the Chairman deems fit, necessary recommendation shall be made by him to the NRC.
 - ii. Chairman of the Company can himself also refer any potential person meeting the above criteria to the NRC.
 - iii. NRC will process the matter and recommend such proposal to the Board.
 - iv. Board will consider such proposal on merit and decide suitably.

Term / Tenure:

- I. CMD or Managing Director/Whole-time Director (WTD):
- II. The Company shall appoint or re-appoint any person as its CMD/ Managing Director or WTD for a term not exceeding five years at a time subject to the age of superannuation. No re-appointment shall be made earlier than one year before the expiry of term of the Director appointed.
- III. Independent Director shall hold office in accordance with the Company's Policy and subject to the Act.
- IV. The Term/Tenure of the Senior Management Personnel/KMP shall be as per the Company's prevailing policy.

Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013 and rules made there under or under any other applicable Act, rules and regulations, the Committee may recommend to the Board with reasons to be recorded in writing, removal of a director, KMP or senior management personnel, subject to the provisions and compliance of the Act, rules and regulations.

Retirement / Superannuation:

The director, senior management personnel or KMP shall retire / superannuate as per the applicable provisions of the Companies Act, 2013 along with the rules made there under and the prevailing policy of the Company. The Board will have the discretion to retain the director, senior management personnel or KMP in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

Diversity on the Board of the Company:

The Company aims to enhance the effectiveness of the Board by diversifying its composition and to obtain the benefit out of such diversity in better and improved decision making. In order to ensure that the Company's boardroom has appropriate balance of skills, experience and diversity of perspectives that are imperative for the execution of its business strategy, the Company shall consider a number of factors, including but not limited to skills, industry experience, background, race and gender.

The Policy shall conform to the following two principles for achieving diversity on the Board:

- I. Decisions pertaining to recruitment, promotion and remuneration of the directors will be based on their performance and competence; and
- II. For embracing diversity and being inclusive, best practices to ensure fairness and equality shall be adopted and there shall be zero tolerance for unlawful discrimination and harassment of any sort whatsoever.

In order to ensure a balanced composition of executive, non-executive and independent directors on the Board, the Company shall consider candidates from a wide variety of backgrounds, without discrimination and based on the following factors:

- I. Gender-The Company shall not discriminate on the basis of gender in the matter of appointment of directors on the Board. The Company encourages the appointment of women at senior executive levels to achieve a balanced representation on the Board.
- II. Ethnicity -The Company shall promote having a boardroom comprising of people from all ethnic backgrounds so that the directors may efficiently contribute their thorough knowledge, sources and understanding for the benefit of Company's business;
- III. Physical disability -The Company shall not discriminate on the basis of any immaterial physical disability of a candidate for appointment on the Company's Board, if he/she is able to efficiently discharge the assigned duties.
- IV. Educational qualification-The Directors of the Company shall have a mix of finance, engineering, legal and management background, so that they collectively provide the Company with considerable experience in a range of activities including varied industries, education, policy and investment.

Remuneration:

The level and composition of remuneration to be paid to the CMD/ Managing Director, Whole-Time Director(s), KMPs, Senior Management Personnel and other employees shall be reasonable and sufficient to attract, retain and motivate directors, KMPs, Senior Management and other employees of the company. The relationship of remuneration to performance should be clear and meets appropriate performance benchmarks which are unambiguously laid down and communicated and should encourage meeting of appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive / performance related pay reflecting achievement of short and long-term performance objectives appropriate to the working of the company and meeting its goals.

The Committee considers, inter alia, the following criteria while deciding the remuneration;

- I. The trend prevalent in the similar industry, nature and size of business is kept in view and given due weightage to arrive at a competitive quantum of remuneration.
- II. Following criteria are also to be considered:-
 - i. Critical responsibilities and duties handled;
 - ii. Time & efforts devoted;
 - iii. Value addition;
 - iv. Profitability of the Company & growth of its business;
 - v. Qualification, experience, skills, and tenure of services in the Company Analyzing each and every position and skills for fixing the remuneration yardstick;

CMD/ MD/ WTD: Besides the above Criteria, the Remuneration/ Compensation/ Commission / PRP / Bonus etc. to be paid to CMD/ MD/ WTD shall be governed as per provisions of the

Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force as also by Company policy.

Non-Executive Directors/ Independent Directors: The Non-Executive / Independent Directors may receive sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of fees shall be such as determined by the Board of Directors from time to time. Shareholders' approval by way of special resolution is necessary on annual basis, where the annual remuneration payable to a single Non-executive Director exceeds 50% of total remuneration payable to all Non-Executive Directors put together. Further, sitting fees payable for attending meeting as per Board approval will not be considered as remuneration here.

Senior Management Personnel / KMPs: The Remuneration to be paid to Senior Management Personnel / KMPs shall be based on the remuneration policy of the Company and the experience, qualification and expertise of the related personnel and shall be decided by the CMD/ Managing Director (for KMPs other than those who are at the WTD / Board level) of the Company as per the internal process in consonance with the limits, if any, prescribed under the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

Other Employees: The power to decide structure of remuneration for other employees has been designed in the Remuneration policy and implementation of the same is to be ensured by CMD/ MD of the Company or any other personnel that the CMD / Managing Director may deem fit to delegate.

6. DISCLOSURE OF THIS POLICY

This Nomination & Remuneration policy shall be disclosed in the Board's report/Annual Report/investor section of website of the Company in the manner as required under the Companies Act, 2013/SEBI Regulations.

7. AMENDMENTS IN THE POLICY

The Committee may assess the adequacy of this Policy and make any necessary or desirable amendments from time to time to ensure it remains consistent with the Board's objectives, current laws and best practices.

Footnote

1. The Board of Directors of Shalby Limited at its meeting held on December 20, 2016 has adopted this Policy first time.
2. The Board of Directors of Shalby Limited at its meeting held on January 28, 2019 has modified this Policy in view of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 notified on May 9, 2018. The said revised policy is effective from April 1, 2019.