SHANTAI INDUSTRIES LIMITED

CIN No: L74110GJ1988PLC013255

NOMINATION AND REMUNERATION POLICY

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PREAMBLE

As per Section 178 of the Companies Act, 2013 read along with applicable rules thereto (the "**Act**"), and Regulation 19 read with Part D of Schedule II of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("**Listing Regulations**").

As per the provisions of the Act and the Listing Regulation, the nomination and remuneration committee of the Board shall lay appropriate criteria for selection of Directors, Key Managerial Personnel and Senior Management and formulate appropriate policy for payment of equitable remuneration to them.

Accordingly, the Board of Directors of the Company on 28/05/2024 has adopted the policy for nomination and remuneration (the "**Policy**").

OBJECTIVES OF THE COMMITTEE

The Committee shall:

1. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.

2. Formulation of criteria for evaluation of the Independent Director and to carry out evaluation of every Director's performance and to provide necessary report to the Board for further evaluation.

3. Advise the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.

4. Devising a policy on Board diversity.

5. 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.

6. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.

7. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

8. Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

9. 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.

10. To perform such other functions as may be necessary or appropriate for the performance of its duties.

11. To develop a succession plan for the Board and to regularly review the plan.

DEFINITIONS

"**Act**"	Act means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time;
"**Board**"	Board means Board of Directors of the Company;
"**Director**"	Directors means Directors of the Company;
"**Committee"**	Committee means the Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time;
"**Company**"	Company means Shantai Industries Limited
"**Independent Director**"	shall mean the Director other than a managing director or a whole-time director or a nominee director as more specifically set out under Section 149(6) of the Act, and shall also have the meaning ascribed to the term "Independent Director" under Regulation 16(1)(b) of the Listing Regulations;
"**Key Managerial Personnel**"	shall mean- (i) the Chief Executive Officer or the managing director or the manager; (ii) the Whole-Time Director; (iii) the Company Secretary; (iv) the Chief Financial Officer; and (v) such other officer as may be prescribed under the applicable statutory provisions/ regulations.
"**Senior Management**"	shall mean personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.
"**Policy or This Policy**"	shall mean this Nomination and Remuneration Policy.
"**Remuneration**"	shall mean 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.

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

GUIDING PRINCIPLES

The Policy ensures that:

1. 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;
2. Relationship of Remuneration to performance is clear and meets appropriate performance benchmarks; and
3. 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.

NOMINATION AND REMUNERATION COMMITTEE

1. Role of Committee.

The role of the Committee inter-alia will be the following:

a) To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.

b) To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration (payable in whatever form) of the Directors, Key Managerial Personnel and Senior Management.

c) To determine whether to extend or continue the term of appointment of the Independent Director(s), on the basis of the report of performance evaluation of Independent Directors.

d) To formulate criteria for evaluation of performance of the Board.

e) The Committee shall 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 and relationship of remuneration to performance is clear and meets appropriate performance benchmarks

f) The Committee shall ensure that the 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.

g) Regularly review the Human Resource functions of the Company and reassess the adequacy of this charter periodically and recommend any proposed changes to the Board for approval from time to time.

h) To devise a policy on Board Diversity.

i) Discharge such other function(s) or exercise such power(s) as may be delegated to the Committee by the Board from time to time and make reports to the Board as appropriate.

j) Such other work and policy related and incidental to the objectives of the committee as per provisions of the Act and rules made there under.

2. Membership

a) The Committee shall consist of a minimum 3 non-executive directors, out of which at least two-third shall be independent directors.

b) Chairperson of the Committee shall be an Independent Director. However, the Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such

Committee.

c) Minimum two (2) members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance, shall constitute a quorum for the Committee meeting.

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.

3. Chairman

a) Chairman of the Committee shall be an Independent Director.

b) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.

c) Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member or any other Director to answer the shareholders' queries.

4. Frequency of meetings

The meeting of the Committee shall be held at such regular intervals as may be required but shall meet at least once a year.

5. Committee members' interests

a) A member of the Committee is not entitled to be present during the discussion 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.

6. Secretary

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

7. Voting

a) 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.

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

8. Minutes of Committee meeting

Proceedings of all meetings must be documented and signed by the Chairman of the Committee. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

APPOINTMENT OF DIRECTORS

1. General appointment criteria

   a) The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, Key Managerial Personnel or at Senior Management level and accordingly recommend to the Board his / her appointment.

   b) The Company should ensure that the person so appointed as Director/ Independent Director/ Key Managerial Personnel / Senior Management Personnel shall not be disqualified under the Act, rules made there under or any other enactment for the time being in force.

   c) The Director/ Independent Director/ Key Managerial Personnel / Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Act, rules made there under, or any other enactment for the time being in force.

   d) The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager 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) The Company shall appoint / re-appoint an independent director, in terms with its "**Policy On Terms Of Appointment Of Independent Director**"

2. Tenure.

   The Term / Tenure of the Directors shall be governed as per provisions of the Act and rules made there under as amended from time to time.

   a) Managing Director/Whole-time Director/Manager (Managerial Person):

      The Company shall appoint or re-appoint any person as its Managerial Person 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:

      (i) 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 reappointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's Report.

      (ii) 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.

      (iii) Provided that an Independent Director shall not, during the said period of three (3) years, be appointed in or be associated with the Company in any

other capacity, either directly or indirectly.

(iv) At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serve do not exceed the maximum number fixed under the Act and/or the Listing Regulations.

3. Removal.

Due to reasons for any disqualification mentioned in the Act, rules made there under 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, Key Managerial Personnel or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

4. Retirement.

The Director, Key Managerial Personnel and Senior Management 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, Key Managerial Personnel, Senior Management in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

REMUNERATION POLICY

1. Applicability.

This Policy is applicable to (a) Executive directors; (b) Non-executive directors; (c) Key Managerial Personnel; (d) Senior Management Personnel; and (e) Employees.

2. Remuneration to Executive Director.

The remuneration paid to Executive Directors is recommended by the Nomination and Remuneration Committee and approved by Board in Board meeting, subject to the subsequent approval of the shareholders at the General Meeting and such other authorities, as may be required. The remuneration is decided after considering various factors such as qualification, experience, performance, responsibilities shouldered, industry standards as well as financial position of the Company.

3. Remuneration to Non-executive Director.

The Non-Executive Directors are paid remuneration by way of Sitting Fees and Commission. The Non-Executive Directors are paid sitting fees for each meeting of the Board and Committee of Directors attended by them. The payment of sitting fees will be recommended by the Nomination and Remuneration Committee and approved by the Board. Quantum of sitting fees may be subject to review on a periodic basis, as required provided that the amount of such fees shall not exceed Rs. 1 lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

EVALUATION OF THE DIRECTORS:

1. The evaluation/assessment of the Directors, of the Company is to be conducted on an annual basis on basis of "Board and Independent Director Evaluation Policy" of the Company.

2. Following criteria of evaluation of performance may assist in determining how effective the performances of the Directors have been:

a) Executive Directors.

The Executive Directors shall be evaluated on the basis of targets/Criteria given to executive Directors by the Board from time to time.

b) Non-Executive Director.

The Non-Executive Directors shall be evaluated on the basis of the following criteria i.e., whether they:

(i) act objectively and constructively while exercising their duties;
(ii) exercise their responsibilities in a bona fide manner in the interest of the Company;
(iii) devote sufficient time and attention to their professional obligations for informed and balanced decision making;
(iv) do not abuse their position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
(v) refrain from any action that would lead to loss of his independence
(vi) inform the Board immediately when they lose their independence,
(vii) assist the Company in implementing the best corporate governance practices.
(viii) strive to attend all meetings of the Board of Directors and the Committees;
(ix) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
(x) strive to attend the general meetings of the Company;
(xi) keep themselves well informed about the Company and the external environment in which it operates;
(xii) do not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
(xiii) moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.
(xiv) abide by Company's Memorandum and Articles of Association, Company's policies and procedures including code of conduct, insider trading etc.

3. Additionally, for the evaluation/assessment of the performances of Managing Director(s)/Whole Time Director(s) of the Company, the criteria shall be decided by the members of the committee mutually.

4. Evaluation on the mutually decided parameters will be conducted by the Independent Directors for each of the Executive/Non-Independent Directors in a separate meeting of the Independent Directors.

5. The Executive Director /Non-Independent Directors along with the Independent Directors will evaluate /assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion.

REMUNERATION

The Committee will recommend the remuneration to be paid to the Managing Director, Whole Time Director, Key Managerial Personnel and Senior Management Personnel to the Board for their approval. The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel and Senior Management of the quality required to run the Company successfully. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals:

1. General:

a) The remuneration / compensation / commission etc. to Managerial Person, Key Managerial Personnel and Senior Management Personnel 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.

b) The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Act, and the rules made thereunder for the time being in force.

c) 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 Managerial Person. Increments will be effective from the date of reappointment in respect of Managerial Person or such other date as mentioned in the resolution and 1st April in respect of other employees of the Company.

Where any insurance is taken by the Company on behalf of its Managerial Person, Key Managerial Personnel 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.

2. Remuneration to managerial person, key managerial personnel and senior management, if any

a) Fixed pay: Managerial Person, Key Managerial Personnel and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Act and the rules made there under for the time being in force. The break-up 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 and Central Government, wherever required.

b) Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the prior approval of the Central Government.

c) Provisions for excess remuneration: If any Managerial Person 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.

3. Remuneration to non-executive / Independent director, if any

a) Remuneration / Commission: The remuneration / commission shall be in accordance with the statutory provisions of the Act and the rules made there under for the time being in force.

b) 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 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.

c) 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 net profits of the Company computed as per the applicable provisions of the Act.

DISCLOSURE

The Remuneration policy and the evaluation criteria shall be disclosed in the Board's Report.

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. However, this shall be subject to the approval of Board of Directors on the recommendation of Nomination and Remuneration Committee of the Company.

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(This policy is approved and amended by the Board of Directors at their meeting held on 28th May, 2024 and effective from 28th May, 2024)