



SHETHIA ERECTOR'S AND MATERIAL HANDLERS LTD

Policy on Appointment of Directors and Remuneration

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1. INTRODUCTION:

- 1.1 Shethia Erector's and Material Handlers Limited ("the Company") believes that an enlightened Board consciously creates a culture of leadership to provide a long-term policy approach to improve the quality of governance. Towards this, the Company ensures constitution of a Board of Directors with an appropriate composition, size, diversified expertise and experience and commitment to discharge their responsibilities and duties effectively.
- 1.2 The Company recognizes the importance of Independent Directors in achieving the effectiveness of the Board and aims to have an optimum combination of Non-Independent and Independent Directors.

2. SCOPE AND PURPOSE:

This Policy sets out the guiding principles for the Nomination and Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent directors of the Company.

3. TERMS AND REFERENCES:

In this Policy, the following terms shall have the following meanings:

- 3.1. "**Director**" means a director appointed to the Board of the Company.
- 3.2. "**Nomination and Remuneration Committee**" means the committee constituted by the Board of Directors of the Company in accordance with the provisions of Section 178 of the Companies Act, 2013.
- 3.3. "**Independent Director**" means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013.

4. ACCOUNTABILITIES:

- 4.1 The Board is ultimately responsible for the appointment of directors.
- 4.2 In terms of Section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee makes assessment and selection of candidates for appointment as directors and recommends to the Board appointment of directors on the Board. (can we mention about removal also as given in the section)

5. ROLE OF THE NOMINATION AND REMUNERATION COMMITTEE ("NRC"):

The NRC is responsible for:

- 5.1 identifying individuals suitably qualified to become Board members and who may be appointed in Senior Management and making recommendations to the Board on the appointment, re-appointment or removal of directors, key managerial personnel and senior management personnel;
- 5.2 formulation of criteria for evaluation of performance of every director including independent directors;
- 5.3 recommending remuneration payable to Independent and Non-Independent directors including

sitting fee;

6. POLICY:

6.1 Qualifications and Criteria

1. The Policy is aimed to engage directors (including non-executive directors and independent non-executive directors) who are highly skilled, competent and experienced persons within one or more fields of business, finance, accounting law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the business of the Company and who shall be able to positively carry out their supervisory role over the policies of the management of the Company and the general affairs of the Company.
2. The NRC and the Board, shall review on an annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a Board with experience that are relevant for the Company's operations.
3. In evaluating the suitability of individual Board members, the NRC shall take into account many factors, including the following:
 - a) General understanding of the Company's business dynamics, business and social perspective,
 - b) Educational and professional background;
 - c) Personal achievements;
 - d) Personal and professional ethics, integrity and values;
 - e) Every director should ensure that he can give sufficient time and attention to the Company's affairs and attend the Board meetings and other committee meetings in which he is a member regularly..
4. The proposed appointee shall also fulfill the following requirements:
 - a) Shall possess a Director Identification Number;
 - b) Shall not be disqualified under the Companies Act, 2013;
 - c) Shall give his written consent to act as a Director;
 - d) Shall endeavor to attend all Board meetings and wherever he is appointed as a Committee Member, the Committee meetings;
 - e) Shall abide by the Code of Conduct established by the Company for Directors and Senior Management Personnel;
 - f) Shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
 - g) Shall abide by the provisions of Section 166 of the Companies Act, 2013 which lays down the duties of directors as under:
 - i. Subject to the provisions of Companies Act, 2013, a director of a company shall act in accordance with the articles of the company.
 - ii. A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
 - iii. A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.

- iv. A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
 - v. A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
 - vi. A director of a company shall not assign his office and any assignment so made shall be void.
 - h) Such other requirements as may be prescribed, from time to time, under the Companies Act, 2013 and other relevant laws.
5. The NRC shall evaluate each individual with the objective of having a group that best enables the success of the Company's business.

6.2 Positive Attributes:

- a) Experience of management in a diverse organization;
- b) Excellent interpersonal and communication skills;
- c) Leadership skills;
- d) Having continuous professional development to refresh knowledge and skills.
- e) Commitment to high standards of ethics, personal integrity and probity;
- f) Commitment to the promotion of equal opportunities and health and safety in the workplace.

6.3 Criteria of Independence:

The NRC shall assess the independence of director at the time of appointment / re-appointment and the Board shall assess the same annually. The Board shall re-assess determination of independence when any new interests or relationships are disclosed by a director.

The criteria of independence, as laid down in Companies Act, 2013, is as below:

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director—

- a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b. (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
- (ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- c. who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- d. none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;

- e. who, neither himself nor any of his relatives—
 - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
 - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
 - (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
 - (iv) is a Chief Executive or director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or
 - (v) is a material supplier, service provider or customer or a lessor or lessee of the company.
- f. shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations, corporate social responsibility or other disciplines related to the Company's business.
- g. shall possess such other qualifications as may be prescribed, from time to time, under the Companies Act, 2013.
- h. who is not less than 21 years of age.
- i. The Independent Directors shall abide by the "Code for Independent Directors" as specified in Schedule IV to the Companies Act, 2013.

6.4 Other Directorships / Committee Memberships:

- 6.4.1 The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as directors of the Company. The NRC shall take into account the nature of, and the time involved in a Director's service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.
- 6.4.2 A Director shall not serve as Director in more than 20 companies of which not more than 10 shall be Public Limited Companies.

6.4.3 A Director shall not serve as an Independent Director in more than 7 Listed Companies and not more than 3 Listed Companies in case he is serving as a Whole-time Director in any Listed Company.

6.4.4 A Director who is also a Director of a Listed Company, shall not be a member in more than 10 Committees or act as Chairman of more than 5 Committees across all companies in which he holds directorships.

For the purpose of considering the limit of the Committees, Audit Committee and Stakeholders' Relationship Committee of all Public Limited Companies, whether listed or not, shall be included and all other companies including Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 shall be excluded.