

# **SHARDUL SECURITIES LIMITED**

## **Policy on Nomination, Remuneration and Board Diversity**

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## **Preamble**

In terms of the provisions of Section 178 of the Companies Act, 2013 ('Act') & rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') and upon due recommendation of Nomination and Remuneration Committee ('Committee'), the Board of Directors ('Board') of Shardul Securities Ltd ('SSL' or 'Company') has approved and adopted this Policy on Nomination, Remuneration and Board Diversity ('Policy').

## **Objectives**

The main objectives of this Policy are as follows:

- To lay down criteria and terms & conditions with regard to identification of persons who are qualified to become Directors (Executive & Non-executive including Independent Directors), Key Managerial Personnel ('KMP') and Senior Management Personnel.
- To lay down criteria for determining the Company's approach to ensure adequate diversity in its Board.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage for the Company.
- To determine remuneration of Directors, KMPs and other Senior Management Personnel, keeping in view all relevant factors including industry trends and practices.
- To provide for rewards linked directly to their effort, performance, dedication and achievement of the Company's target.

## **Criteria for Appointment & Nomination**

### **A. Directors and Key Managerial Personnel**

The Committee shall be responsible for identification of a suitable candidate for appointment as Director or KMP of the Company.

The Board shall consist of such number of Directors as is necessary to effectively manage the Company considering its size and nature, subject to minimum of 3 and maximum of 15 Directors. The Board shall have an appropriate combination of Executive, Non-executive, Independent and woman Directors.

The Company recognizes the importance of truly diverse Board in its success and believes that diverse board brings different set of expertise & perspectives. Therefore, while evaluating a person for appointment/ re-appointment as Director or as KMP of the Company, the Committee shall consider & evaluate various criteria and shall leverage difference in factors w.r.t. background, knowledge, skills, abilities & thought (to exercise sound judgement), professional experience, educational, professional, cultural & geographical background, personal accomplishments, nationality, gender, race, ethnicity, age, experience, time commitment, understanding of the sector(s) & industry(ies) in which Company operates

including Finance sector, expertise in marketing, technology, & other disciplines relevant to the Company's business. The Committee shall consider such other factors as may be relevant & applicable from time to time towards achieving a diverse Board.

While considering the appointment/ re-appointment of any person as Director of the Company, the Committee shall ensure that he/ she satisfies the following criteria: ]

- He/ she is eligible for appointment/ re-appointment as Director and is not disqualified in terms of Section 164 & other applicable provisions of the Act and SEBI Listing Regulations.
- He/ she has attained the age of 18 years at the time of appointment/ re-appointment.
- His/ her total number of directorships in the companies are within the limits prescribed under the Act and SEBI Listing Regulations.
- He/ she will be able to devote sufficient time & efforts towards discharging duties & responsibilities, effectively.

In case of appointment/ re-appointment of an Independent Director, the Committee shall consider the following additional criteria:

- He/ she meets the criteria of "independence" as set out in the relevant provisions of the Act, SEBI Listing Regulations, and other laws applicable to the Company.
- He/ she does not hold any Board/ employment position with a competitor having its presence in the geographies in which Company operates. However, the Board may in special circumstances waive this requirement.

The re-appointment/ extension of term of Directors of the Company shall be on the basis of their performance evaluation report. For the purpose of identification of suitable candidates, the Committee may use the services of external agency(ies), if required.

## **B. Senior Management**

While evaluating a person for appointment as Senior Management Personnel including KMP, various factors shall be considered including but not limited to individual's background, competency, skills, abilities (viz. leadership, ability to exercise sound judgement etc.), educational & professional background, personal accomplishment, age, relevant experience and understanding of relevant field viz. technology, finance or such other discipline relevant to present and/or prospective operations of the Company.

"Senior Management", for the purpose of this Policy, means personnel of the Company who are members of its core management team excluding Board of Directors, comprising all members of the Management one level below the chief executive officer/managing director/whole time director/ manager and shall specifically include persons identified and designated as key managerial personnel, other than board of directors, by the listed entity.

## **Criteria for Remuneration**

While determining the remuneration of Directors, KMP, Senior Management Personnel and other employees, the following criteria shall be considered:

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors & other employees of the quality required to run the Company successfully.
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- The remuneration involves and balance between fixed & variable pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals.
- Alignment of remuneration of Directors and KMP with the long-term interest and sustainability of the Company.

The overall limit of remuneration of the Directors including Executive Directors (i.e. Managing Director, Whole-time Director etc.) is governed by the applicable provisions of the Act & rules made thereunder and SEBI Listing Regulations.

The Board may determine different remuneration for different Directors on the basis of their respective roles, responsibilities, duties, time commitment etc.

### **A. Non-Executive Directors including Independent Directors**

The Non-executive Directors (whether Independent or otherwise) shall be paid sitting fees for attending each meeting of the Board of Directors or any committee thereof as approved by the Board, within the permissible limit prescribed under the Companies Act, 2013, and other regulatory guidelines, as amended from time to time. Any change in sitting fees shall be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of SSL. The Nomination and Remuneration Committee shall consider the following factors while recommending the change in the sitting fees to the Board:

- (a) Contribution expected from Directors considering size and complexity of organization
- (b) Comparison with the peer companies / Industry benchmarking,
- (c) Regulatory guidelines as applicable, etc

The NEDs are entitled to reimbursement of expenses for participation in the meeting of the Board and Committee thereof. The Board while approving the revision in the sitting fees payable to Directors for attending the meeting of the Board and Committee thereof shall consider the recommendation of the Nomination and Remuneration Committee. SSL does not pay any commission on profit to the Non-Executive Directors. SSL also does not grant any Stock Options to any Non-Executive Directors.

**B. Executive Directors (Managing Director, Whole-Time Director, Executive Directors etc.)**

The remuneration (including revision in the remuneration) of Executive Directors shall be approved by the Board on the basis of the recommendation of the Committee.

The remuneration payable to Executive Directors shall consist of the following:

- (a) Fixed Pay, which is payable monthly, and shall include basic pay, contributions to PF, house rent allowance & other allowances as per the Company's policy
- (b) Variable Pay paid as and when declared directly linked to the performance of the individual employee, his/ her respective department and the overall Company's performance.
- (c) Long term incentive as may be decided by the Committee from time to time.

C. Key Managerial Personnel (other than those covered in Clause B above), Senior Management Personnel and other employees.

The remuneration of Key Managerial Personnel (other than those covered in Clause B above), shall be as per the HR policies of the Company.

The remuneration payable to Key Managerial Personnel, Senior Management Personnel and other employees consist of the following:

- (a) Fixed Pay, which is payable monthly and include basic pay, contributions to PF, house rent allowance & other allowances as per the Company's policy
- (b) Variable Pay directly linked to the performance of the individual employee (i.e. achievement against pre-determined KRAs), his/ her respective business unit and the overall Company performance paid as and when declared.
- (c) Long term incentive as may be decided by the Committee from time to time. The Committee shall recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

The Board of Directors on its own and/or as per the recommendations of Nomination and Remuneration Committee can amend this policy, as deemed fit from time to time.

In case there are any regulatory changes requiring modifications to the Policy, the Policy shall be reviewed and amended at the next possible opportunity at the Board Meeting. However, the amended regulatory requirements will supersede the Policy till the time the Policy is suitably amended.

In case any provision of this Policy is contrary to or inconsistent with the provisions of the Act, SEBI Listing Regulations and/ or any other applicable law for time being in force, the latter shall prevail.

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.