SHARAT INDUSTRIES LIMITED

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NOMINATION AND REMUNERATION POLICY

[Pursuant to section 178 of the Companies Act, 2013 and Rules made thereunder and relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

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NOMINATION AND REMUNERATION POLICY

1. INTRODUCTION

This Policy is framed as per the requirements of Regulation 19(4) read with Part D of Schedule II of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any modification(s) / amendment(s) / re-enactment(s) thereof] ("Listing Regulations") and in terms of Section 178 of the Companies Act, 2013 ("Act"). In case of any inconsistency between the provisions of law and this Policy, the provisions of the above stated law shall prevail, and the Company shall abide by the applicable law. The Policy is intended to set out a framework for nomination, evaluation, and remuneration of members of the Board of Directors, and Senior Management Personnel of the Company. This Policy reflects the remuneration philosophy and principles of the Company and considers the pay and employment conditions with peers / competitive market to ensure that pay structures are appropriately aligned

2. OBJECTIVE

The Objective and purpose of this policy are:

i. To set criteria for determining qualifications, positive attributes and independence of a director, and remuneration of the KMPs and Senior Management Personnel.

ii. To enable the Company to attract, retain and motivate highly qualified members for the Board and other executive level to run the Company successfully.

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iv. To ensure that remuneration to directors, KMP and Senior Management Personnel of the Company 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

3. APPLICABILITY

This Policy shall be applicable to all members of the Board, KMPs and Senior Management Personnel of the Company.

The Policy shall become effective from the approval of the Board.

4. CONSTITUTION OF THE NOMINATION & REMUNERATION COMMITTEE

The Board has constituted the "Nomination and Remuneration Committee". This is in line with the requirements under the Act. This Policy and the Nomination and Remuneration Committee terms of reference are integral to the functioning of the Nomination and Remuneration Committee and are to be read together.

The Board has authority to reconstitute this Committee from time to time

5. DEFINITIONS

i. **"Board" or "Board of Directors"** shall mean the board of directors of the Company.

ii. **"Company"** shall mean Sharat Industries Limited

iii. **"Director"** means a director appointed to the Board of the Company.

iv. **"Nomination and Remuneration Committee" or "Committee"** means the committee constituted by Board of the Company in accordance with the provisions of Section 178 of the Act and Regulation 19 of the Listing Regulations

v. **"Independent Director**" means a director referred to in sub-section (6) of Section 149 of the Act and Regulation 16 of the Listing Regulations

vi. **"Key Managerial Personnel" or "KMP"** shall include the following

a. Managing Director or Chief Executive Officer or Manager
b. Whole-time Director
c. Company Secretary
d. Chief Financial Officer
e. Any other person as defined under the Act from time to time

vii. **"Policy"** shall mean this Nomination and Remuneration Policy.

viii. **"Senior Management Personnel"** mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Managing Director or Whole Time Director or Manager and shall specifically include the functional heads, by whatever name called and the persons identified and designated as key managerial personnel, other than the board of directors, by the listed entity and other employees identified by the Committee.

6. ROLE OF NOMINATION AND REMUNERATION COMMITTEE

i. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

ii. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may;

   a) use the services of an external agencies, if required

   b) consider candidates from a wide range of backgrounds, having due regard to diversity; and

   c) consider the time commitments of the candidates

iii. formulation of criteria for evaluation of performance of independent directors and the board of directors;

iv. devising a policy on diversity of board of directors;

v. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.

vi. 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.

vii. recommend to the board, all remuneration, in whatever form, payable to senior management.

7. APPOINTMENT AND REMOVAL OF DIRECTORS KMP AND SENIOR MANAGEMENT

a) Appointment Criteria and Qualification

i. The Committee shall ascertain the integrity, qualification, expertise and experience of the person identified for appointment as Director, KMP or Senior Management Personnel and recommend to the Board his/her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.

ii. For every appointment of an Independent Director, the NRC shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended for such role shall meet the description.

iii. The Company shall appoint or continue the employment of a person as Managing Director / whole time Director and non-executive Director who has not attained the maximum age of retirement as prescribed under relevant laws.

iv. Appointment and Reappointment of Directors and KMP shall be governed by the provisions of the Act and compliance of the SEBI (LODR) Regulations.

v. A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of the Company

vi. The Company shall not appoint any resigning Independent Director, as whole-time Director, unless a period of one year has elapsed from the date of resignation as an Independent Director.

b) TERM & TENURE

i. The Company shall appoint or re-appoint any person as its Managing Director/ whole-time Director/ Key Managerial Personnel as per the relevant laws. Office of the Executive Directors are subject to liable to retire by rotation unless otherwise provided on their terms of appointment.

ii. Office of the Non-executive Non – Independent Director is subject to retirement by rotation at the annual general meeting in the manner as specified under relevant laws.

iii. An Independent Director shall be appointed / re-appointed in the manner as specified under relevant laws and for the term as may be decided by the Board on recommendation of the Committee

c) REMOVAL

Due to reasons for any disqualification mentioned in the Act and rules made thereunder or under any other applicable act, rules and regulations, 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.

d) RETIREMENT

The Directors, KMP and Senior Management Personnel shall retire as per the applicable provisions of the relevant laws. The Board will have the discretion to retain the Directors, KMP and Senior Management Personnel in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company, subject to approvals as required under the relevant laws.

8. REMUNERATION TO DIRECTORS / KMP / SENIOR MANAGEMENT PERSONNEL

i. The Whole-time Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. 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 by law

ii. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance

with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

iii. Any subsequent change/increments in the remuneration of the Executive Directors/Key Managerial Personnel shall be approved by the Board in accordance with the recommendation of the Committee, subject to the statutory provisions within the limits approved by the members.

iv. The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Sitting fees of ₹ 10,000/- for Board Meeting, ₹ 5000/- Audit Committee meeting and ₹2000/- for Committee or such other amount as may be prescribed by the from time to time.

v. An Independent Director shall not be entitled to any stock option of the Company.

vi. Remuneration of Senior Management employees (including Business Heads, Key Managerial Personnel) largely consists of basic remuneration, perquisites, allowances and performance incentives. The components of remuneration vary for different employee levels and are governed by industry patterns, qualifications and experience of the employee, responsibilities handled by him/her, his/her individual performances, etc.

9. EFFECTIVE DATE:

This policy comes into effect from 29th May 2025