

NOMINATION AND REMUNERATION POLICY & BOARD DIVERSITY
POLICY



SANSERA ENGINEERING LIMITED

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1. INTRODUCTION

Pursuant to Section 178 of the Companies Act, 2013 and Regulation 19(4) of the SEBI (Listing Obligations and Disclosure Requirements) (“**LODR**”), the board of directors of Sansera Engineering Limited (“**Company**”) have constituted the Nomination and Remuneration Committee.

The Company has formulated this policy to provide a framework for remuneration of members of the board of directors of the Company, key managerial personnel, and other employees of the Company and to set out the approach to diversity on the Board of the Company in terms of thought, experience, knowledge, perspective and gender in the Board, based on the laws, rules and regulations applicable to the Company (“**Policy**”)

This Policy is guided by the principles and objectives as enumerated in Section 178 (3) of the Companies Act, 2013 and the rules made thereunder, each as amended (the “**Act**”) and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**LODR**”), to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company.

The Board of Directors of the Company (“**Board**”) has approved and adopted this Policy and are amended as and when required to comply with the provisions of Companies Act and SEBI Regulations.

2. PURPOSE OF THE POLICY

The Policy ensures that:

- (a) The Company recognises and embraces the benefits of having a diverse Board that possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the businesses of the Company. The Company sees diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. The basic essence of the Policy is to provide a framework for leveraging on the differences within the expertise of the Board, offering a broad

range of perspectives that are directly relevant to business.

- (b) A Board composed of appropriately qualified and skilled people, with a broad range of experience relevant to the business, is important for effective corporate governance and sustained commercial success of the Company. The Company maintains that the Board appointments should be based on merit that compliments and expands the skills, experience and expertise of the Board as a whole taking into account knowledge, professional experience, qualifications, gender, age, cultural and educational background, and any other factors that the Board might consider relevant and applicable from time-to-time for it to function effectively.
- (c) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run business of the Company successfully;
- (d) Relationship of remuneration to performance is clear and meets appropriate performance benchmark;
- (e) 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.

3. DEFINITIONS

“Act” means the Companies Act, 2013, and the rules made thereunder, each as amended

“Board” The Board of Directors of Sansera Engineering Limited, as constituted from time to time as per the relevant laws and rules and regulations.

“Director” means a member of the Board

“Company” means Sansera Engineering Limited.

“Employees’ Stock Option” means the option given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.

“Independent Director” means a director appointed as such in accordance with the relevant provisions of the Companies Act, 2013, rules made thereunder and Regulations of the LODR; and amendments thereto.

“Key Managerial Personnel” or “KMP” means

- (i) Managing Director or Chief Executive Officer or the Manager;
- (ii) Whole Time Director
- (iii) Company Secretary; and
- (iv) Chief Financial Officer

“Nomination and Remuneration Committee” or “NRC” shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the LODR.

“Remuneration” means 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.

“Senior management” shall mean officers/personnel of the Company who are members of its core management team excluding board of directors and ordinarily this shall comprise all members of management one level below the Chief Executive Officer/Managing Director/Whole Time Director/Manager (including Chief Executive Officer/Manager, in case Chief Executive Officer /Manager not part of the board) and shall specifically include the functional heads, by whatever name called and the Company Secretary and Chief Financial Officer. Provided that administrative staff shall not be included.

4. NOMINATION AND REMUNERATION COMMITTEE

Role of the Committee

- 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 and to recommend to the Board their appointment and removal.
- b) To specify the manner for effective evaluation of performance of the Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
- c) To formulate the criteria for determining qualifications, positive attributes and independence of a director.
- d) To determine 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.

- e) To formulate and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees. While formulating the remuneration policy the Committee shall ensure that:
 - i) 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;
 - ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - iii) 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.
- f) Devising a policy on diversity of board of directors;
- g) Conducting search and recommending new Board members in light of resignation of current members or a planned expansion of the Board;
- h) In relation to appointment of an Independent Director, the 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 roles and capabilities required for an Independent Director.
- i) 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.
- j) The Nomination and Remuneration Committee shall recommend to the Board, all remuneration, in whatever form, payable to senior management
- k) To appoint and seek outside advice from professionals, consultants or advisors as deemed appropriate to assist the Committee in discharging its functions efficiently.

5. APPOINTMENT CRITERIA AND QUALIFICATION

Appointment criteria and qualifications:

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Senior Management, KMP and recommend to the Board his/her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether

qualification, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position.

- c) The Company shall not appoint or continue the employment of any person as Whole-Time Director/Managing Director/Manager who has attained the age of 70 (seventy) years. Provided that the term of the person holding this position may be extended beyond the age of 70 (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 70 (seventy) years.

6. TERM / TENURE

Independent Director

(a) 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 re appointment on passing of a Special Resolution by the Company and disclosure of such appointment in the Board's report

(b) 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:

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

Executive Directors:

The Company shall appoint or re-appoint any person as its Executive Director, Managing Director or Whole-time Director 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.

Removal

The Committee shall recommend to the Board with reasons recorded in writing, removal of a Director, KMP, Senior Management personnel in the following cases:

- a) The Director has been disqualified in terms of Section 164 of the Act or under any other applicable Laws, Regulations,
- b) The person has displayed adverse behavior with regard to the Company's Values
- c) Violation of Code of Conduct of the Company.

Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act, Regulations, the Policy and the prevailing HR policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

7. REMUNERATION OF NON-EXECUTIVE AND INDEPENDENT DIRECTORS

- a) Non-Executive and Independent Directors (“NEDs”) will be paid remuneration by way of sitting fees. The sitting fees to the NEDs will be determined by the NRC and recommended to the Board for its approval.
- b) On recommendation of the NRC, the Board may consider appropriate additional remuneration to such NED who has devoted considerable time and efforts in relation to business and matters of the Company. Said remuneration would be within overall limit to the extent permitted under the Act. If there will be any proposal from the Board, the NRC may recommend different remuneration / fees for different Directors, keeping in view the requirement of the Company and statutory provisions. However, in no case, the sitting fees paid to NEDs or shall not be less than fees payable to other directors.
- c) Keeping with evolving trends in industries and considering the time and efforts spent by specific NEDs, the practice of paying differential commission will be considered by the Board.
- d) NEDs are entitled to be paid all travelling and other expenses they incur for attending to the Company’s affairs, including attending meetings of the Company.
- e) The remuneration payable by the Company to NEDs shall be subject to the conditions specified in the Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.
- f) In case of no profit or inadequate profit in any financial year, the remuneration, if any to be paid to the NEDs will be as per the provision of the Act and rules thereunder.

8. REMUNERATION OF EXECUTIVE DIRECTOR

- a) The compensation paid to the executive directors (including managing director) will be within the scale approved by the shareholders. The elements of the total compensation, approved by the NRC will be within the overall limits specified under the Act.

- b) The NRC will determine the annual variable pay compensation in the form of annual incentive and annual increment for the executive director based on Company's and individual's performance as against the pre-agreed objectives for the year.
- c) The executive directors, except for a promoter director, will also be eligible for ESOPs as per the ESOP scheme in force from time to time. Grants under the ESOP scheme shall be approved by the NRC .
- d) In case of no profit or inadequacy of profit in any financial year, the remuneration payable to the executive director shall be further subject to the relevant provisions of the Act.
- e) Executive directors will not be paid sitting fees for any Board/ committee meetings attended by them.
- f) The remuneration payable by the Company to the executive directors shall be subject to the conditions specified in the Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

9. REMUNERATION TO KEY MANAGERIAL PERSONNEL/ SENIOR MANAGEMENT/ OTHER EMPLOYEES

- a) The Company's total compensation for Key Managerial Personnel, Senior Management/ other employees will consist of:
 - fixed compensation
 - variable compensation in the form of annual incentive
 - benefits
 - work related facilities and perquisites
- b) The NRC shall recommend to the Board, all remuneration, in whatever form, payable to Senior Management Personnel.
- c) In addition, select senior executives will be eligible for long-term incentive plan in the form of ESOPs, as per the ESOP scheme in force from time to time. Grants under the ESOP scheme will be approved by the NRC.

- d) Fixed compensation will be determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills, experience and performance of the employee. Fixed compensation will include basic salary, housing allowance, and a position allowance.
- e) Based on the grade and seniority of employees, benefits for employees include:
- Health-Related
 - Health (hospitalization) insurance
 - Accident and life insurance
- f) Employees will also be eligible for work related facilities and perquisites as may be determined through human resources policies issued from time to time based on the grade of the employee.
- g) A formal annual performance management process will be applicable to all employees, including senior executives. Annual increases in fixed and variable compensation of individual executives will be directly linked to the performance ratings of individual employee.
- Overall compensation shall be subject to periodic reviews which takes into account data from compensation surveys conducted by specialist firms, as well as factors such as affordability based on the Company's performance and the economic environment.
 - Employees may be eligible for ESOPs as per the ESOP scheme approved by the Shareholders and in force from time to time. The objective of the ESOP is to reward the Eligible Employees, for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Company.
 - Employees may be eligible for severance payments in accordance with the termination clause in their employment agreement subject to applicable regulatory requirements.

10. COMMITTEE MEMBERS INTEREST

- a) A member of the NRC is not entitled to participate in the discussions when his/her own remuneration is discussed at a meeting or when his/her performance is being evaluated.
- b) The NRC may invite such executives, as it considers appropriate, to be present at the meetings of the NRC.

11. BOARD DIVERSITY

Optimum Composition

1. The Board shall consist of such optimum combination of executive and non-executive Directors and not less than 50% of the Board comprising of non-executive Directors in accordance with the requirements of the Act and Regulations.
2. At least half of the Board should comprise of independent directors (where the chairman of the Board is executive) or at least one third of the Board should comprise of independent directors (where the chairman of the Board is non-executive).
3. At least half of the Board of the Company shall consist of independent directors where the regular non-executive chairperson is a promoter or is related to any promoter or person occupying management positions at the level of Board or at one level below the Board as required under Regulation 17 of the Listing Regulations.
4. The Board shall comprise of not less than six directors as required under Regulation 17 of the Listing Regulations.
5. The Company shall not appoint a person or continue the directorship of any person as a non- executive director who has attained the age of seventy-five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.

Functional diversity

1. Appointment of directors to the Board of the Company should be based on the specific needs and business of the Company. Appointments should be done based on the qualification, knowledge, experience and skill of the proposed appointee which is relevant to the business of the Company.
2. Knowledge of and experience in domain area such as Information technology, Banking and Finance, Corporate, Investment Banking, Legal, Risk, Management, etc., should be duly considered while making appointments to the Board level.
3. While appointing independent directors, care should be taken as to the

independence of the proposed appointee.

4. Directorship in other companies may also be taken into account while determining the candidature of a person.

Stakeholder diversity

1. The Company may also have directors on its Board representing the interest of any financial institution or any other person in accordance with the provisions of its articles of association and/ or any agreement between the Company and the nominating agency.
2. Subject to the provisions of section 151 read with the relevant rules made thereunder, the Company may, upon notice of not less than one thousand small shareholders or one-tenth of the total number of such shareholders, whichever is lower have a small shareholders' director elected by small shareholders.

The Board shall consist of such optimum number of Directors as per the requirements of the Act and Regulations.

The Committee will lead the process for Board appointments and forward its recommendations to the Board. All Board appointments will be based on the skills, diverse experience, independence and knowledge, which the Board as a whole requires to be effective. The Committee shall address Board vacancies by actively considering candidates that bring a diversity of background and industry experience or related expertise. The candidates will be considered against objective criteria having due regard to the benefits of diversity on the Board.

Additionally, the Committee may consider appointment of experts from various specialized fields such as finance, law, information technology, corporate strategy, marketing, business development, international business, operations management or any other professional area, so as to bring diversified skill sets on Board or succeed any outgoing Director with the same expertise.

12. DISCLOSURES

A copy of this Policy shall be handed over to all Directors within one month from the date of approval by the Board. This Policy shall also be posted on the website of the Company www.sansera.in and the details of this Policy, including the evaluation criteria, shall be mentioned in the Annual Report of the Company.

13. REVIEW OF THE POLICY

The Nomination and Remuneration Committee will review the policy as may be required

or within such time frame as mandated by any regulatory amendments under the law , which will include an assessment of the effectiveness of the policy.

14. AMENDMENT

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions in this Policy or Nomination and Remuneration Committee and this Policy or Nomination and Remuneration Committee shall stand amended accordingly.