

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

SILVER CONSUMER ELECTRICALS LIMITED

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INTRODUCTION

The policy on appointment and remuneration of Directors, Key Managerial Personnel and other employees (the “**Policy**”) provides an underlying basis and guide for human resource management, thereby aligning plans for strategic growth of the Company. The policy has been prepared pursuant to the provision of Section 178 of the Companies Act, 2013 (the “**Act**”) and Regulation 19 (4) read with Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**SEBI Listing Regulations**”).

The Policy is intended to set out criteria to pay equitable remuneration to the Directors, Key Managerial Personnel and members of Senior Management (as defined below), and other employees of the Company and to harmonize the aspirations of human resources with the goals of the Company.

DEFINITIONS

‘**Act**’ means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

‘Board’ means Board of Directors of the Company.

‘Committee’ means the Nomination and Remuneration Committee.

‘Directors’ means Directors of the Company.

‘Key Managerial Personnel’ or ‘KMP’ means –

- a) The Managing Director or Chief Executive Officer or Manager
- b) Whole-time Director
- c) The Company Secretary
- d) The Chief Financial Officer
- e) Such other officer, not more than one level below the Directors who is in whole-time employment, designated as KMP by the Board; and
- f) Any other person as defined under the Act and applicable rules, from time to time.

‘Senior Management’ refers to personnel as defined under the Act and the SEBI Listing Regulations.

Other words, expressions specifically not defined here, shall assume to carry the meaning as defined in the Act or as per the SEBI Listing Regulations.

OBJECTIVES

The Key Objectives of the Policy would be:

- To guide the Board in relation to appointment, retention and removal of Directors, Key Managerial Personnel and Senior Management;
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board;
- To ensure the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- To recommend to the Board, the level and composition of remuneration payable to Directors, Key Management Personnel and Senior Management is reasonable and sufficient to attract, retain and motivate them;
- To ensure that the, remuneration payable 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;
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage;

- To devise a policy on Board diversity;
- To develop a succession plan for the Board & Senior Management and to regularly review the plan.
- To specify the manner for effective evaluation of performance of the Board, its committees and individual directors.

DUTIES AND ROLE OF COMMITTEE

Matters to be dealt with and recommended to the Board by the Committee shall include:

- Formulating the criteria for determining qualifications, positive attributes and evaluating independence of a director, and recommend to the Board a policy relating to the remuneration of its directors, Key Management Personnel and other employees
- Identifying persons who are qualified to become Directors and persons who may be appointed in key managerial positions in accordance with the criteria laid down in this policy;
- Recommending to the Board, appointment and removal of Directors, Key Managerial Personnel and Senior Management
- Devising a policy on diversity of the Board;
- 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;

The duties specifically include:

A. Nomination matters:

- Determining the appropriate size, composition and diversity of the Board;
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- Ensuring that there is an appropriate induction plan in place for new Directors and reviewing its effectiveness;
- Identifying and recommending Directors who are to be put forward for appointment, reappointment and eligible for retire by rotation;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance, industry benchmarks and compliance;
- Making recommendations to the Board concerning any matters relating to the discontinuation in office of any Director at any time including the

suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;

- Recommend necessary changes to the Board in line with Board Diversity Policy;
- Any other matters, as may be requested by the Board.

B. Remuneration matters:

- To consider and determine whether the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors;
- To consider and recommend remuneration payable to senior management including Key Managerial Personnel of the Company by maintaining a balance between fixed and incentive pay reflecting short-term and long-term performance objectives appropriate to the working of the Company, and its growth strategy;
- To manage and administer the Employee Stock Option Plans whenever granted by Company;
- To consider any other matters as may be requested by the Board.

APPOINTMENT CRITERIA AND QUALIFICATION

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Key Managerial Personnel or Senior Management and recommend to the Board his / her appointment;
- The Committee shall, with reference to every appointment of an Independent Director, 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 for an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description.
- The Committee may, for the purpose of identifying suitable candidates undertake the following:
 - use the services of an external agencies, if required;
 - consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - consider the time commitments of the candidates.

- 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;
- The Company shall not appoint any person as Managing Director/ Whole-time Director who has attained the age of seventy years, unless 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;
- 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.

Remuneration

A. Fixed Pay:

The Executive Directors, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting if it exceeds maximum limits prescribed as per the Act.

All fees or compensation, if any to non-executive directors, including independent directors shall be recommended by the Board of Directors and require approval of shareholders in general meeting. Further, the requirement of obtaining approval of shareholders in general meeting shall not apply to payment of sitting fees to non-executive directors, if made within the limits prescribed under the Act for payment of sitting fees without approval of the Central Government.

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 Whole-time Director in accordance with the provisions of Schedule V of the Act.

C. Provisions for excess Remuneration:

If any Whole-time Director 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 authorised by members vide special resolution.

D. Sitting Fees:

The Non- Executive / Independent Director shall receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One lakh per meeting of the Board or committee thereof.

Provided that the sitting fees payable to Independent Director and women Director shall not be less than sitting fees payable to other Directors.

In addition to the sitting fees and commission, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/her role as a Director of the Company. This could include reasonable expenditure incurred by the Director for attending Board meetings, Committee meetings, general meetings, court convened meetings, meetings with shareholders/creditors/management, site visits, induction and training

Term/ Tenure**A. Managing Director/ Whole-time Director:**

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding such term as may be specified under the Act. No re-appointment shall be made earlier than one year before the expiry of term, and which shall be done with the approval of the shareholders of the Company, based on the recommendation of the Nomination and Remuneration Committee and the Board.

B. Independent Director: 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 appointment, re-appointment or removal pursuant to a resolution passed by the members of Company and disclosure of such appointment shall be given in the Board's report. 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.

The committee shall ensure to include evaluation as a criteria towards the decision on 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.

Removal/ Retirement

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

Due to reason of any disqualification as mentioned in the Act or under any other applicable Acts, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of any Director or Key Managerial Personnel or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

Amendments and updates

The Nomination and Remuneration Committee shall periodically review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate, which shall be in accordance with the provisions of the Act & SEBI Listing Regulations. In case any modifications or amendments are inconsistent with the Act or SEBI Listing Regulations, the provisions of the applicable prevailing laws and the rules made thereunder shall prevail over the Policy.

The Board may amend this Policy from time to time, as may be deemed necessary in accordance with the applicable Laws.