

# Nomination and Remuneration Policy

## 1. OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 (“the Act”), as amended from time to time, read along with the applicable rules thereto. The Key Objectives of the Committee would be:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel (hereinafter referred to as “KMP”) and other employees as may be prescribed under the Act.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- To recommend to the Board on Remuneration payable to the Directors, KMP and other employees as may be prescribed under the Act.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To develop a succession plan for the Board and to regularly review the plan;

## 2. 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.
- **Company** means **Som Datt Finance Corporation Limited**
- **Independent Director** means a director referred to in section 149(6) of the Companies Act, 2013.
- **Committee/ Nomination and Remuneration Committee** means a Committee of the Board of Directors of the Company, constituted in accordance with the provisions of section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing obligations and Disclosures Requirements) Regulation, 2015.
- **Key Managerial Personnel (KMP) means**
  - Managing Director;
  - Chief Financial Officer;
  - Company Secretary;
  - Whole Time Director
- Other Employees prescribed under the act means personnel of the Company who are members of its core management team being one level below the Board.

## 3. ROLE OF COMMITTEE

- **3.1 Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee.**

## The Committee shall:

- Formulate 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;
- Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- Devising a policy on diversity of board of directors;
- Identify persons who are qualified to become Director 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.
- Determination of extension or continuation of the term of appointment of the independent directors on the basis of the report of performance evaluation of independent directors.

## 3.2 Policy for appointment and removal of Director, KMP and other employees

### Appointment criteria and qualifications

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at other level as may be prescribed under the law and recommend to the Board his / her appointment.
- 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 or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided, that the term of the person holding this position may be extended beyond the age of 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 seventy years.

### Term /Tenure

- Managing Director/Whole-time Director -The Company shall appoint or re-appoint any person as its Managing Director or Wholetime 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.
- Independent Director -An Independent Director can hold office for a term up to five consecutive years or such shorter period 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 shall be made in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, 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.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

#### **Evaluation:**

The Committee either by itself or by holding an Independent Directors meeting shall carry out yearly performance evaluation for all Board members.

#### **Removal:**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or other employee subject to the provisions and compliance of the said Act, rules and regulations.

#### **Retirement:**

The Director, KMP and other employees 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, KMP, other employees in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

### **3.3.1 Policy relating to the Remuneration for the Whole-time Director, KMP and other employees**

- The remuneration/compensation/commission etc. to the Whole time Director, KMP and Senior Management will be recommended by the Committee to the board for their approval at the time of their appointment. The remuneration/compensation/commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, whenever required.

- The remuneration and commission to be paid to the Whole time Director shall be in accordance with the percentage/slabs/conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.
- Increments to the existing remuneration/compensation structure shall be approved by the Committee which would be within the slabs approved by the Shareholders in the case of Whole time Director.
- In case any difficulty or doubt arises in the interpretation or implementation of this policy, the decision of the Managing Director of the Company shall be final. In exceptional circumstances, the Managing Director shall be authorized to exercise functions vested in the committee in so far as these relate to Key Managerial Personnel and other employees; provided however that such actions taken by the Managing Director shall be placed before the Committee for ratification in the succeeding meeting.

### 3.3.2 Remuneration to Whole Time/ Executive/Managing Director, KMP and other employees

#### **Fixed pay:**

The Whole-time Director/ KMP and such other employees shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee.

#### **Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

#### **Provisions for excess remuneration:**

If any director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limit prescribed by this section or without the prior sanction of the Central Government, where it is required, he shall refund such sums to the company and until such sum is refunded, hold it in trust for the company.

### 3.3.3 Remuneration to Non- Executive / Independent Directors

- The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

- All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
- An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.
- Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause above if the following conditions are satisfied.
- The Services are rendered by such Director in his capacity as the professional; and
- In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

## 4. MEMBERSHIP

- The Committee shall consist of a minimum 3 non-executive directors or more, out of which not less than half shall be an Independent Director.
- Minimum two (2) members shall constitute a quorum for the Committee meeting.
- Membership of the Committee shall be disclosed in the Annual Report.
- Term of the Committee shall be continued unless terminated by the Board of Directors.

## 5. CHAIRPERSON

- Chairperson of the Committee shall be an Independent Director.
- Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.