

# ***Som Datt Finance Corporation Ltd.***

## ***Nomination and Remuneration Policy***

**Last Reviewed date:** November 05, 2024  
**Reviewed by:** Board of Directors

## ***Nomination and Remuneration Policy***

### **1. Objective**

The Nomination and Remuneration Committee (the "Committee") shall ensure that this Policy complies with the provisions of Section 178 of the Companies Act, 2013 ("the Act") and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), as amended from time to time. The key objectives of the Committee include:

- To guide the Board in the appointment and removal of Directors, Key Managerial Personnel (KMP), and other employees as prescribed under the Act.
- To evaluate the performance of Board members and provide necessary reports to the Board for further evaluation.
- To recommend to the Board the remuneration payable to the Directors, KMP, and other employees as prescribed under the Act.
- To retain, motivate, and promote talent and ensure the long-term sustainability of talented managerial personnel to create a competitive advantage.
- To develop a succession plan for the Board and to regularly review the plan.

### **2. Definitions**

- **Act:** Companies Act, 2013 and Rules made thereunder, as amended.
- **Board:** Board of Directors of the Company.
- **Company:** Som Datt Finance Corporation Ltd.
- **Independent Director:** As defined in Section 149(6) of the Companies Act, 2013.
- **Committee:** Nomination and Remuneration Committee of the Company, constituted in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- **KMP:** Key Managerial Personnel, including:
  - Managing Director or Manager
  - Whole-time Director
  - Chief Executive Officer
  - Chief Financial Officer
  - Company Secretary
- **Other Employees:** Core management team, one level below the Board, as prescribed under the Act.

### 3. Role of the Committee

#### 3.1 Matters to be dealt with by the Committee

The Committee shall:

- Formulate criteria for determining qualifications, positive attributes, and independence of a Director, and recommend a policy for the remuneration of Directors, KMP, and other employees.
- Establish criteria for evaluating the performance of Independent Directors and the Board.
- Develop a policy on diversity for the Board of Directors.
- Identify candidates qualified to become Directors and recommend their appointment to the Board.
- Recommend the appointment or continuation of Independent Directors, based on performance evaluation.

#### 3.2 Policy for Appointment and Removal of Directors, KMP, and Other Employees

- **Appointment Criteria and Qualifications:**
  - The Committee shall ensure that a person appointed as Director, KMP, or other employees possesses the necessary integrity, qualification, expertise, and experience.
  - The Committee has the discretion to decide whether the qualifications and experience of a person are adequate for the concerned position.
- **Term/Tenure:**
  - Managing Director/Whole-time Director: Appointed for a term not exceeding five years, with no re-appointment earlier than one year before the expiry of the term.
  - Independent Director: Can serve a term of up to five consecutive years. Reappointment requires a special resolution. No Independent Director shall serve more than two consecutive terms of five years, and they must not be reappointed for three years following the end of their term.
- **Evaluation:**
  - The Committee will conduct a yearly performance evaluation of all Board members.
- **Removal:**
  - The Committee may recommend the removal of a Director, KMP, or employee due to disqualification as per the Act or other applicable laws.
- **Retirement:**
  - Directors, KMP, and other employees shall retire as per applicable provisions of the Act and the prevailing Company policy.

### **3.3 Policy on Remuneration**

#### **3.3.1 Remuneration for Whole-time Director, KMP, and Other Employees**

- The remuneration for Whole-time Directors, KMP, and Senior Management will be recommended by the Committee and approved by the Board.
- The remuneration/compensation will comply with the provisions of the Act and be subject to approval by shareholders and, where applicable, the Central Government.

#### **3.3.2 Remuneration to Whole-time/Executive/Managing Directors, KMP, and Other Employees**

- **Fixed Pay:**
  - The Whole-time Director, KMP, and other employees shall receive remuneration as approved by the Board, based on the recommendation of the Committee.
- **Minimum Remuneration:**
  - If the Company has no profits or inadequate profits, remuneration shall be paid in accordance with Schedule V of the Act. If this is not possible, prior approval from the shareholders or central government as may be required shall be obtained.
- **Excess Remuneration:**
  - Any remuneration drawn in excess of prescribed limits must be refunded to the Company.

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

- Non-Executive/Independent Directors may receive sitting fees and other permissible remuneration as approved by the Board.
- The total remuneration for Non-Executive Directors, excluding fees for attending meetings, shall be within the limits set forth by the Act.
- Independent Directors shall not receive stock options or participate in share-based payment schemes.
- Fees for professional services rendered by Independent Directors shall not be considered as part of their remuneration if certain conditions are met (such as providing professional services in their capacity as a professional).

#### 4. Membership of the Committee

- The Committee shall consist of at least three non-executive directors, with a majority being Independent Directors.
- A quorum for Committee meetings shall be a minimum of two members.
- Membership of the Committee shall be disclosed in the Company's Annual Report.
- The term of the Committee shall continue unless terminated by the Board of Directors.

#### 5. Chairperson

- The Chairperson of the Committee shall be an Independent Director.
- The Chairman of the Company may be appointed as a member of the Committee but shall not be the Chairman.
- In the absence of the Chairperson, the members present at the meeting shall elect one of themselves as the Chairperson.
- The Chairperson of the Committee may attend the Annual General Meeting or may nominate another member to address shareholder queries.

#### 6. Performance Evaluation

The Nomination and Remuneration Committee shall evaluate the performance of each Director, KMP, and SMP on an annual basis. The evaluation criteria include:

- **Vision and Clarity:** The ability of the individual to understand and fulfill their responsibilities and fiduciary duties.
- **Board Processes:** Quality of decision-making, board participation, and overall governance processes.
- **Engagement with Management:** How the individual contributes to supporting the management team.
- **Board Dynamics:** Contribution to healthy relationships and discussions within the Board and with key stakeholders.
- **Frequency of Participation:** Attendance at meetings and availability to provide guidance when necessary.

#### 7. Letters of Appointment

The Company issues formal letters of appointment to each Director, KMP, and SMP. The letter includes the terms and conditions of their appointment, role responsibilities, and other relevant aspects such as duration of appointment and termination conditions.

### **8. Policy Review and Amendments**

The Nomination and Remuneration Committee will review this Policy periodically, and any amendments in the Companies Act, 2013, SEBI Listing Regulations, or any other relevant laws will be automatically incorporated into this Policy. Any difficulties or ambiguities in the implementation of this Policy will be resolved by the Board in line with its broader intent. The Board may amend, suspend, or rescind this Policy as required by law or the business requirements.

### **9. Compliance with the Companies Act and SEBI LODR**

This Policy has been framed in accordance with Section 178 of the Companies Act, 2013, and Regulation 19 of the SEBI Listing Regulations, and will be governed by the applicable provisions of these regulations. This revised Nomination and Remuneration Policy incorporates all the points from the earlier version, ensuring compliance with statutory requirements and best practices under the Companies Act, 2013, and SEBI LODR