



# **NOMINATION AND REMUNERATION POLICY**

**SAT INDUSTRIES LIMITED**



## SIGNATORIES

Prepared by	Reviewed by	Confirmed by	Approved by
<b>Ms. Alka Gupta,</b> (Company Secretary & Compliance Officer)	<b>Mr. Harikant Turgalia,</b> (Chief Financial Officer)	Nomination and Remuneration Committee	Board of Directors

## VERSION CONTROL

Version	Description	Description of Changes
1.0	Nomination and Remuneration Policy	New Policy
1.1	Nomination and Remuneration Policy	Aligned with SEBI (LODR) Regulations, 2015



## 1. Introduction

The Nomination and Remuneration Policy (“**Policy**”) of SAT INDUSTRIES LIMITED (“**Company**”) is formulated under the requirements of the Companies Act, 2013 and the rules formulated thereunder, as amended (“**Act**”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**Listing Regulations**”).

This Policy is intended to be in conformity with the Act as on the date of its adoption. However, if due to subsequent modifications in the Act, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**Listing Regulations**”) or any other applicable law, a provision of this Policy or any part thereof becomes inconsistent with the Act, or the Listing Regulations, the provisions of the Act, or the Listing Regulations as modified shall prevail.

This policy shall act as a guideline for determining, *inter-alia*, qualifications, positive attributes and independence of a Director (*defined below*), matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, KMPs (*defined below*), Senior Management Personnel (*defined below*) and other employees.

## 2. Objective of the Policy

The Policy is framed with the following objective(s):

- i. that 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. that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- iii. that the remuneration of Directors, KMPs, and Senior Management Personnel 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;
- iv. to lay down criteria and terms and conditions with regard to identifying persons who are qualified to be appointed to the positions of Directors, KMPs and Senior Management Personnel, and to determine their remuneration;
- v. to determine remuneration based on the Company’s size and financial position and trends and practices on remuneration prevailing in peer companies, in the industry;
- vi. to ensure the financial and operating performance of the Company over the preceding three years is considered while determining the remuneration;



- vii. to ensure there is a principle of proportionality while determining the remuneration;
- viii. to ensure that details of the securities of the Company held by the Directors including options and details of shares pledged as at the end of the preceding financial year is considered while determining the remuneration;
- ix. to evaluate the performance of Directors, KMPs, and Senior Management Personnel, and to provide for reward(s) linked directly to their effort, performance, dedication and achievement relating to the Company's operations; and
- x. to retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create a competitive advantage.

In the context of the aforesaid criteria the following policy has been formulated by the NRC and adopted by the Board of Directors.

### **3. Effective Date**

This policy shall be effective from 25<sup>th</sup> May, 2023

### **4. Definitions**

In this Policy unless the context otherwise requires:

'Board of Directors' or 'Board' means the collective body of the directors of the Company.

'Director(s)' means a director of the Company, including executive directors, non-executive directors and Independent Directors.

'Independent Director(s)' means a Director referred to in Section 149 (6) of the Act and Regulation 16(1)(b) of Listing Regulations.

'KMP' means:

- Whole Time Director;
- Chief Financial Officer;
- Company Secretary;
- such other officer, not more than one level below the Directors who is in whole-time employment, designated as a 'KMP' by the Board; and
- any other officer as prescribed under the Act from time to time.



'NRC' means the Nomination and Remuneration Committee of the Company constituted in accordance with the Act and the Listing Regulations.

'Senior Management Personnel' means the employees of the Company who are members of its core management team (excluding the Board of Directors) i.e. it would comprise of all members of the management of the Company one level below the whole time director, including the functional / vertical heads, Company Secretary and Chief Financial Officer.

'Whole Time Director' means a Director in the whole time employment of the Company.

## **5. Applicability**

This Policy is applicable to:

- Directors;
- KMPs;
- Senior Management Personnel; and
- other employees of the Company.

## **6. Appointment of Director, KMPs and Senior Management Personnel**

- i. The NRC shall identify and ascertain the integrity, qualification, expertise and experience of a person for appointment as Director, KMP, or Senior Management Personnel, and make recommendations to the Board regarding their appointment.
- ii. A person should possess adequate qualification, expertise and experience for the position they are being considered for appointment. Accordingly, the NRC has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- iii. Appointment of Directors is subject to compliance with Section 164 of the Companies Act 2013 and provisions of other applicable laws.
- iv. Appointment of Independent Directors is subject to compliance with Section 149 of the Companies Act 2013 read with Schedule IV and the Listing Regulations.
- v. A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise and insights in sectors/ areas relevant to the Company, ability to contribute to the Company's growth and complementary skills in relation to the other Board members.



vi. 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.

## **7. Term / Tenure**

### **i. Managing Director / Whole Time Director**

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

### **ii. Independent Director**

Subject to the provisions of the applicable laws, an Independent Director shall hold office for a term up to five consecutive years on the Board, and will be eligible for re- appointment on passing of a special resolution by the Company and disclosure(s) of such appointment 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.

At the time of appointment of Independent Director, it should be ensured that: (i) number of boards on which such Independent Director serves is restricted to seven listed entities as an Independent Director; and (ii) three listed entities as an Independent Director in case such person is serving as a Whole Time Director of a listed entity.

## **8. Removal**

The NRC may recommend to the Board, with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel, subject to compliance with the provisions of the Act and any other applicable laws.

## **9. Retirement**

The Directors, KMPs and Senior Management Personnel shall retire as per the applicable provisions of the Act, and the prevailing policy of the Company.



## **10. Matters relating to the remuneration, perquisites for the Directors, KMP and Senior Management Personnel**

- i. The remuneration / compensation / profit-linked commission etc. to be paid to the Directors will be determined by the NRC and recommended to the Board and shareholders of the Company for approval. The remuneration/compensation/profit-linked commission etc, shall be in accordance with the Act and the Listing Regulations.
- ii. The remuneration of KMPs, Directors, and Senior Management Personnel will be determined by the Board on recommendation of the NRC.
- iii. The remuneration of employees of the Company other than those mentioned in (i) and (ii) may be determined in accordance with the internal processes of the Company.
- iv. Organization wide increments to the existing remuneration / compensation structure shall be approved by the NRC. Increments to the Whole Time Directors and/or Managing Director should be within the slabs approved by the shareholders of the Company. Increments will, ideally, be effective from 1st April for employees who have put in at least nine months in the previous financial year, unless otherwise decided.
- v. Where any insurance is taken by the Company on behalf of its Whole Time Director, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

## **11. Remuneration to Whole Time Directors**

### **i. Remuneration**

The Whole Time Director shall be eligible for remuneration as may be approved by the shareholders of the Company on the recommendation of the NRC and the Board. The break-up of the pay scale, performance bonus and quantum of perquisites including, employer's contribution to the provident fund, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the NRC, and shall be within the overall remuneration approved by the shareholders of the Company on the recommendation of the NRC and the Board of Directors.

### **ii. 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.



### **iii. 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, he / she shall refund such sums to the Company, within 2 years or such lesser period as may be allowed by the Company, and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum unless approved by the Company by way of a special resolution within 2 years from the date on which the sum becomes refundable.

## **12. Remuneration to Non-Executive / Independent Director**

### **i. Sitting Fees**

The NRC may recommend for payment of sitting fees to the Directors. The quantum of sitting fees will be determined as per the recommendation of the NRC and approved by the Board of Directors subject to the applicable law.

### **ii. Limit on payable remuneration**

The remuneration payable to Directors other than the Whole Time Directors shall not exceed 1% of the net profits of the Company unless approved by the shareholders of the Company as per Section 197 of the Companies Act, 2013 read with Schedule V.

## **13. Remuneration to KMPs, Senior Management Personnel and other Employees**

- i. The KMPs and Senior Management Personnel of the Company shall be paid monthly remuneration as per the Company's guidelines and / or as may be approved by the Board on the recommendation of the NRC. The remuneration of other employees may be determined by the Board on recommendation of the NRC pursuant to internal processes of the Company. The break-up of the pay scale and quantum of perquisites including, employer's contribution to provident fund, pension scheme, medical expenses, club fees etc. shall be as per the Company's internal policies and applicability.
- ii. Before approving the increment and bonus the management of the Company, will make a detailed presentation(s) before the NRC, setting out the proposed increment and performance bonus payouts for the next financial year. The NRC shall peruse and approve the same, unless required under applicable laws, to refer the same to the Board and / or shareholders of the Company.
- iii. This Policy shall apply to all future/continuing employment/engagement(s) with the Company. In other respects, the Policy shall be of guidance for the Board. Any departure from





the Policy shall be recorded and reasoned in the minutes of the meetings of the NRC and the Board.

#### **14. Role of the NRC**

The following matters shall be dealt with by the NRC:

##### i. Size and composition of the Board

Periodically reviewing the size and composition of the Board to have an appropriate mix of executive and independent Directors to maintain its independence and separate its functions of governance and management and to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company.

##### ii. Directors

Formulate the criteria determining qualifications, positive attributes and independence of a Director and recommend candidates to the Board when circumstances warrant the appointment of a new Director, having regard to qualifications, integrity, expertise and experience for the position.

##### iii. Succession plans

Establishing and reviewing Board, KMP, and Senior Management Personnel succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and part of the Senior Management Personnel.

##### iv. Evaluation of performance

- Make recommendations to the Board on appropriate performance criteria for the Directors.
- Formulate the criteria and framework for evaluation of performance of every Director.
- Identify ongoing training and education programs for the Board to ensure that non-executive directors are provided with adequate information regarding the business, the industry and their legal responsibilities and duties.

##### v. Board diversity

The NRC is to assist the Board in ensuring the Board nomination process is in line with the policy of the Company on diversity of the Board relating to gender, thought, experience, knowledge and perspectives. The policy is hosted on the website of the Company.



vi. Remuneration framework and policies

The NRC is responsible to ensure that the remuneration framework is in accordance with the objectives of this Policy mentioned above.

**15. Disclosures**

The Policy shall be published on Company's website. This Policy shall also be disclosed as part of Board's report as required under the Act. Additionally, certain items, including those specified under Section 197(12) of the Act, are required to be disclosed in the Board's report.

**16. Amendments to the Policy**

The Board of Directors on its own and/or as per the recommendations of NRC can amend this Policy, as and when deemed fit.

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