



## **SATCHMO HOLDINGS LIMITED**

**CIN: L93000KA2004PLC033412**

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### **NOMINATION & REMUNERATION POLICY**

*(As approved by the Board at its meeting held on 29<sup>th</sup> April, 2022)*

#### **1. PREAMBLE**

The Board of Directors (the “Board”) of the Company has adopted this policy and procedures with regard to Nomination and remuneration of the Board Members, Key managerial personnel and the Senior Management in the Company. The Board reserves the right to review and amend this policy from time to time based on the recommendation(s) received from the Nomination & Remuneration Committee and/or amendments or modifications in the applicable laws.

This policy is intended to regulate and evaluate the nomination and the remuneration payable to the Board Members and Senior Management in the Company based on the applicable laws and regulations.

#### **2. DEFINITIONS**

“Act” shall mean the Companies Act 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications or re-enactment thereof.

“Nomination & Remuneration Committee or Committee” means Committee of Board of Directors of the Company constituted under provisions of Listing agreement and section 178 of the Companies Act, 2013.

“Board” or “Director” shall mean Board of Directors of the Company

“Company” means NEL Holdings South Limited (formerly NEL Holdings Limited)

“Key Managerial Personnel (KMP)” means Key Managerial Personnel as defined under section 2 (51) read with Section 203 of the Companies Act, 2013.

“Policy” means the Nomination & Remuneration Policy of the Company.

**“Senior management”** means personnel of the Company who are members of its core management team excluding Board, comprising all members of management one level below the executive directors, including the functional heads.

### **3. APPLICABILITY AND EFFECTIVE DATE**

This Policy will be applicable to the Company with effect from 1<sup>st</sup> October, 2014 as amended from time to time.

### **4. COMPOSITION**

- i. The Committee shall consist of minimum three (03) members, and all of whom shall be Non-Executive Directors.
- ii. Majority should be Independent Directors.
- iii. Chairman should be an Independent Director. Chairperson of the Company may be appointed as a member of the Committee but shall not Chair the Committee.
- iv. Minimum two (2) members shall constitute quorum for the Committee meetings.

### **5. MEETINGS**

The meeting of the Committee shall be held at such regular intervals as may be required.

### **6. OBJECTIVE:**

The Committee will assist the Board of Directors of the Company to:-

- i. Determine, review and propose compensation principles/ policies for the Company
- ii. Setting the compensation of the Company's Directors, KMPs (as defined under Companies Act, 2013) and Senior Management.
- iii. Approve payments to the managerial personnel as per the policy laid down by the committee
- iv. Assess and review compensation policy and plans recommended by the management
- v. Recommend names to the Board of Directors for appointment of both Executive and Non-Executive including Independent Directors on the Board etc.
- vi. Devising a policy on Board diversity.

### **7. RESPONSIBILITIES AND DUTIES:**

The responsibilities and duties of the Committee can be categorized into:-

#### **A. Nomination Policy:**

- a) Lay down the principles and policy for the selection, criteria for evaluation and Retirement of Independent and Non- Executive Directors.

- b) Identify persons who are qualified to become directors-Independent, non-Executive & Executive and also persons who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board of Directors their appointment and removal and shall carry out evaluation of every director's performance.
- c) 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 for the directors, key managerial personnel and Senior management.

**B. Remuneration Policy:**

- a) Submission of the Remuneration Policy to the Board for their approval
- b) The Committee will provide compensation plans and practices on the basis of Remuneration principles
- c) Describe main roles, responsibilities and competencies involved in the Remuneration process
- d) Provide specific guidelines for the setting of Board of Directors and Executive Board members' remuneration
- e) The Committee would also review the company's Remuneration principles
- f) The Committee will specify the sitting fees payable to Non- Executive / Independent Director for attending meetings of Board or Committee thereof provided the same shall not exceed the prescribed limits under the Act.
- g) The Committee would periodically review the implementation of the Remuneration Policy
- h) The Committee may look into the Company's Internal Audit function limited to performing periodic reviews on the Remuneration to ensure the applicable rules and standards are complied with.
- i) The Committee would set working standards for determining the Remuneration of the members of the senior management of the company and recommend to the Board for their approval.
- j) The Committee would review and recommend the bonus/ performance pay to the Executive Directors to the Board.
- k) Review and recommend to the Board of Director for approval of any Mandatory Disclosures of the Management Compensation
- l) 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

**8. PERFORMANCE REVIEW:**

- a) The Committee would review competitor's market data, trend analysis, Performance and the methodology for determining annual Remuneration pools with the management.
- b) The Committee would assess individual performance evaluations of the Executive Board members including their performance inclusive of managing risk, compliance to the code of conduct etc.
- c) The committee would get the inputs from the Company's internal control function, Code of Conduct for reviewing the performance.

**9. REPORTING TO THE BOARD OF DIRECTOR:**

- a) The Committee would provide a periodical report to the Board of Directors on its activities, implementation of the Remuneration Policy and adhering to the applicable standards and rules and Remuneration paid to the Executive Board members.
- b) The Committee would review and approve the annual Remuneration report prior to the Board of Directors approval, and ensure that the same will satisfy the Remuneration principles, policy, plans for the year.
- c) The Committee would review the compensation setting process on annual basis.

**10. DISCLOSURES**

- a) The Company is required to disclose the remuneration policy and evaluation criteria in the Annual Report.
- b) The Company is also required to disclose pecuniary relationship or transaction of the non-executive directors vis-à-vis the Company and to make all other disclosures as required under Clause 49 of the Listing Agreement with the Stock exchange in the Annual Report of the Company.

**11. GENERAL**

This Policy and any amendments or replacements thereof will be communicated to the Board members, Key Managerial Personnel, the Senior management and other concerned persons. Nothing in this Policy shall override any provisions of law made in respect of any matter stated herein.

**EVALUATION OF DIRECTORS**

**Companies Act 2013:**

Section 134: Board's Report shall include a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors.

Section 178 (2): The NRC shall carry out evaluation of every director's performance.

Schedule IV (code of Independent Directors):

- The Independent Directors shall bring an objective view in the evaluation of the performance of board and management.
- The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

#### **Listing Agreement**

Key functions of the Board include Monitoring and reviewing Board Evaluation framework.

The role of the NRC shall include the following:

- Formulation of criteria for evaluation of IDs and the Board;

Performance evaluation of Independent Directors:

- a. The Nomination Committee shall lay down the evaluation criteria for performance evaluation of Independent Directors.
- b. The company shall disclose the aforesaid criteria for performance evaluation in its Annual Report.
- c. The performance evaluation of Independent Directors shall be done by the entire Board of Directors (excluding the director being evaluated).
- d. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

**EVALUATION OF PERFORMANCE OF DIRECTOR  
(PROFORMA)**

	<b>Name of Director</b>	
	<b>Criteria</b>	<b>Views of the Evaluators</b>
1	Attendance	
2	Preparedness for the Board Meeting	
3	Contribution in the Board room using expertise & knowledge and experience & wisdom	
4	Independence of views and judgment	
5	Interpersonal relationship	
6	Safeguarding minority shareholders' interest	
7	Facilitating best Corporate Governance practices	
8	Ownership of value building	

	<b>Process</b>
	Objective (narrative assessment ) by all the Directors except himself

**SUMMARY OF PERFORMANCE ASSESSMENT PROCESS OF BOARD COMMITTEES**

	<b>Audit Committee</b>
1	General
2	Deliverance of allocated responsibilities
3	Qualitative Assessment
4	Summation : Overall Evaluation

	<b>Compliance Committee</b>
1	General
2	Deliverance of allocated responsibilities
3	Qualitative Assessment
4	Summation : Overall Evaluation

	<b>Nomination &amp; Remuneration Committee</b>
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1	General
2	Deliverance of allocated responsibilities
3	Qualitative Assessment
4	Summation : Overall Evaluation

	<b>Board Effectiveness Evaluation</b>
1	Composition
2	Board Meetings
3	Board Agenda
4	Allocation of Board's time
5	Minutes
6	Superintendence of Board Committees
7	Input Management
8	Board Culture
9	Monitoring of Governance processes
10	Substance of effectiveness