

## **NOMINATION AND REMUNERATION POLICY**

### **Preamble**

S.D. International Limited (the “**Company**”) strives to ensure the highest levels of integrity, quality and service in its business. The observance of the highest standards & levels of transparency, accuracy, accountability and reliability on the organization cascades from the Board of Directors across various business segments.

The Company is committed to ensure that remuneration commensurate with the role and responsibilities is paid to the directors, key managerial personnel, senior management personnel and other employees.

This nomination and remuneration policy for directors, key managerial personnel and senior management personnel (“**Policy**”) has been formulated in accordance with the requirements that are laid down under Section 178 of the Companies Act, 2013 (the “**Act**”) read with rule 6 of the Companies (Meetings of Board and its Powers) Rules 2014 and Regulation 19(4) read with Part D of Schedule II SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”).

### **Objective and Purpose**

As per the provisions of the Act and SEBI Listing Regulations, the Nomination and Remuneration Committee (“**NRC**”) of the Board of the Company is responsible for laying down appropriate criteria for a Policy relating to the remuneration of Directors, Key Managerial Personnel (“**KMP**”), Senior Management Personnel (“**SMP**”) and other employees of the Company.

The key objectives of this Policy are:

- a) To recommend policy relating to the remuneration of the Directors, KMPs, SMPs and other employees to the Board of Directors of the Company.
- b) To ensure that the level and composition of the remuneration is reasonable and sufficient to attract, retain and motivate senior management of the quality required to run the company successfully.
- c) That the remuneration of Directors, KMPs, SMPs and other employees 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.
- d) To lay down criteria and terms and conditions with regard to identifying persons who are qualified to be appointed to the position of Directors, KMPs, SMPs and other employees, and to determine their remuneration.
- e) To achieve a performance driven culture that generates organizational growth.
- f) To attract, retain and motivate the best talent, to run the business efficiently and effectively.
- g) To ensure the financial and operating performance of the Company over the preceding three years is considered while determining the remuneration.
- h) To provide clear focus and measurement on key objectives with a meaningful link to rewards.
- i) To perform such other functions as may be necessary or appropriate for the performance of its duties.

## Definitions

- a) **“Board of Directors”** or **“Board”** or **“Director(s)”** means the Board of Directors of the Company in terms of Regulation 2(d) of SEBI Listing Regulations as constituted from time to time.
- b) **“Executive Director(s)”** means the Directors who are in whole-time employment of the Company viz. Managing Director and Whole-time Director.
- c) **“Independent Director(s)”** means a director of the Company who is not a Managing Director or Whole-time Director or Nominee Director and who is neither a promoter of the Company or its holding, subsidiary or associate company and who is not related to a promoter or Director of the Company or its holding, subsidiary or associate company and who satisfies the criteria for independence as prescribed by Section 149(6) of the Act as also Regulation 16(1)(b) of the SEBI Listing Regulations. .
- d) **“Key Managerial Personnel (KMP)”** means –
- the Managing Director or Chief Executive Officer or manager;
  - Whole-time Director;
  - Company Secretary;
  - Chief Financial Officer; and
  - such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board; and
  - such other officer as may be prescribed;
  - Any other person as defined under the Companies Act, 2013 from time to time.
- e) **“Non-Executive Director(s)”** means Directors who are not in whole-time employment of the Company.
- f) **“Nomination and Remuneration Committee”** means the Committee constituted pursuant to the provisions of Section 178 of the Act and Regulation 19 of SEBI Listing Regulations.
- g) **“Senior Management Personnel”** or **“SMP(s)”** shall mean the officers and personnel of the issuer who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer (“CEO”), Managing Director, Whole-Time Director, or Manager (including the CEO and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Act and SEBI Listing Regulations, as may be amended from time to time, shall have meaning respectively assigned to them therein.

## Policy Scope

The Policy is the guiding principle on the basis of which the Nomination and Remuneration Committee will recommend to the Board of Directors the remuneration payable to Directors, Key Managerial Personnel, Senior Managerial Personnel and other employees.

## Composition, Quorum and Meetings of Nomination and Remuneration Committee

- a) The NRC shall comprise of at least three directors; all directors of the NRC shall be Non-Executive Directors; and at least two-thirds of the directors shall be Independent Directors.
- b) The chairperson of the NRC shall be an Independent Director, provided that the chairperson of

the listed entity, whether Executive or Non-Executive, may be appointed as a member of the NRC and shall not chair such Committee.

- c) The quorum for a meeting of the NRC shall be either two members or one third of the members of the NRC, whichever is greater, including at least one Independent Director in attendance.
- d) The chairperson of the NRC may be present at the annual general meeting, to answer the shareholders' queries; however, it shall be up to the chairperson to decide who shall answer the queries.
- e) The NRC shall meet at least once in a financial year.
- f) The head of human resources for the Company shall assist the NRC and would be a permanent invitee to the meetings of the NRC, except in the event the meeting pertains to discussions involving the permanent invitee.
- g) The Company Secretary shall act as the Secretary to the NRC.

### **Role of NRC Committee**

The role of NRC shall, inter-alia, include the following:

- a) Formulation of 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.

While formulating the above Policy, the NRC should ensure that:

- (i) The level and composition of remuneration be reasonable and sufficient to attract, retain and motivate director of 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, KMP and SMP 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.
- b) For the purpose of identifying suitable candidates, the NRC may:
  - (i) Use the services of an external agencies, if required;
  - (ii) Consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - (iii) Consider the time commitments of the candidates.
- c) Advise and recommend to the Board on various matters relating to the appointment, removal and remuneration (including changes if any) of Director, SMP and KMP;
- d) Formulating performance evaluation criteria of all Independent Directors and Board;
- e) Identifying persons who are qualified to become directors and who may be appointed in senior management, in accordance with the prescribed criteria;
- f) Assist and advise the Board in overseeing succession planning for Directors, KMP and SMP and to regularly review the plan;

- g) Recommend to the board, all remuneration, in whatever form, payable to senior management;
- h) Assist and advise the Board in ensuring a transparent nomination process to the Board with the diversity of thought, experience, knowledge, perspective and gender in the Board;
- i) To act as Administrator and superintendent of the Stock Option Plans of the Company;
- j) Devising a policy on diversity of the board of directors;
- k) Carrying out any other functions required to be carried out by the NRC as is mandated by the Board as required under SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

#### **Appointment and Removal of Directors**

- a) Nomination and Remuneration Committee (NRC) shall identify and ascertain the integrity, qualification, expertise and experience of a person for appointment as Director/ KMP / SMP, and make recommendations to the Board regarding their appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he is being considered for appointment. Accordingly, the NRC has discretion to decide whether qualification, expertise and experience possessed by such person is sufficient / satisfactory for the concerned position.
- c) Appointment of Directors is subject to compliance with Section 164 of the Act and provisions of other applicable laws and shall not be debarred from holding the office of Director by virtue of any SEBI order or any other authority, pursuant to NSE and BSE Circular dated June 20, 2018.
- d) Appointment of Independent Directors shall be subject to compliance with Section 149 of the Act read with Schedule IV and SEBI Listing Regulations and shall be registered with Independent Directors databank managed Indian Institute of Corporate Affairs in compliance with Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014 and shall comply with the requirement under Rule 6(4) of the aforesaid rule.
- e) The Independent Directors shall abide by the “Code for Independent Directors” as specified in Schedule IV to the Act.

The proposed appointee shall also fulfill the following requirements:

- (i) Shall be a person of eminence, standing and knowledge with significant achievements in business, professions and/or public service;
- (ii) Shall have other appropriate qualification/experience to meet the objectives of the Company;
- (iii) Shall possess a Director Identification Number;
- (iv) Shall not be disqualified under the Act, SEBI Listing Regulations and any other relevant law;
- (v) Shall give his written consent to act as a Director;
- (vi) Shall endeavor to attend all board meetings and wherever he is appointed as a committee member, the committee meetings;
- (vii) Shall abide by the Code of Conduct established by the Company for Directors and SMP;
- (viii) Shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made; and
- (ix) Such other requirements as may be prescribed, from time to time, under the Act, the SEBI Listing Regulations and other relevant laws.

- f) The removal of Directors may be warranted due to reasons such as disqualification prescribed under the applicable laws and / or disciplinary reasons. In such situation, the NRC shall in consultation with the Board, review the performance and/or other factors and subject to the provisions of the applicable laws and the Articles of Association of the Company, recommend to the Board its course of action.
- g) The resultant vacancy caused by removal of Directors may be filled by the NRC in accordance with this Policy and the applicable laws.

#### **Appointment of KMP/ SMP**

- (i) To possess the required qualifications, experience, skills & expertise to effectively discharge their duties and responsibilities;
- (ii) To practice and encourage professionalism and transparent working environment;
- (iii) To adhere strictly to code of conduct.

#### **Other Directorships**

- a) A Director shall not serve as Director in more than 20 companies of which not more than 10 shall be public limited companies.
- b) A Director shall not serve as an Independent Director in more than 7 listed companies and not more than 3 listed companies in case he is serving as a whole-time director/ managing director in any listed company.
- c) A Director shall not be a member in more than 10 Committees or act as chairman of more than 5 Committees across all listed companies in which he holds directorships.
- d) For the purpose of considering the limit of the Committees, Audit Committee and Stakeholders' Relationship Committee of all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Act shall be excluded.

#### **Term / Tenure:**

1. **Executive Chairman/ Whole-time Director**  
The Company shall appoint or re-appoint any person as its Executive Chairman or Wholetime Director for a term not exceeding five years at a time or as may be prescribed under the Act. No re- appointment shall be made earlier than one year before the expiry of term.
2. **Independent Director**
  - A. 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 re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
  - B. 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.
  - C. 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.

## **Remuneration**

### **A. Remuneration to Executive Directors, Key Managerial Personnel and Senior Management Personnel**

The Nomination and Remuneration Committee will recommend the remuneration payable to the Executive Directors based on which the Board of the Company will fix the remuneration of the Executive Directors within the limits approved by the shareholders.

The Nomination and Remuneration Committee will recommend the remuneration payable to KMP based on which the Board will fix the remuneration. In case of any KMP on the Board then the remuneration fixed should be within the limits approved by the shareholders.

Where any insurance is taken by the Company on behalf of its Directors, KMPs/ Senior Management Personnel etc. 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 unless otherwise specifically provided under the Act.

### **B. Remuneration to Whole Time/ Executive/Managing Director/KMP**

The Whole-time/ Executive Director/ KMP and such other employees shall be eligible for a remuneration as may be approved by the Board on the recommendation of the Nomination and Remuneration Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to provident fund, pension scheme, medical expenses, etc., shall be decided and approved by the Board/ the person authorized by the Board on the recommendation of the Nomination and Remuneration Committee and approved by the shareholders and Central Government, wherever required.

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.

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 approval as required under the Act, where required, he /she shall refund such sums to the Company, within two years or such lesser period as may be allowed by the Company. Until such sum is refunded to the Company, the Director shall hold such excess remuneration in trust for the Company.

Further, the Company shall not waive the recovery of any sum refundable as above unless approved by the members of Company by way of special resolution within two years from the date the of such sum becomes refundable.

### **C. Remuneration to Non- Executive including Independent Directors**

Non-Executive Directors are paid remuneration by way of commission and sitting fees for attending Board and Committee Meetings.

The Company pays sitting fees for attending meeting of the Board and Committees to Non-Executive Directors within the limits prescribed under the Act.

Commission, if any, may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% p.a. of the profits of the Company (computed in accordance with the Act).

An Independent Director shall not be entitled to any stock option or stock appreciation rights of the Company and may receive remuneration by way of fees provided under Section 197 of the Act, reimbursement of expenses for participation in the Board and other meetings and profit related commission, if any, as may be approved by the members of the Company

If, in any financial year, the Company has no profits or its profits are inadequate, the Company may pay remuneration to its Non-Executive Directors in accordance with the provisions of Schedule V of the Act by seeking relevant approvals.

**D. Remuneration to Senior Management Personnel**

The SMP shall be paid remuneration as per the Company's HR and compensation policies. The break-up of the pay scale and other components shall be governed by human resource policies of the Company.

**Retirement of Director, KMP and SMP**

The Company shall not appoint a person or continue the directorship of any person as a:

- (i) Independent Director or Executive Directors who has not completed the age of 21 years;
- (ii) Managing Director or Whole-Time Director who has attained the age of 70 years; and
- (iii) Non-Executive director who has attained the age of 75 years.

However, with approval of the members as special resolution, the Company may appoint or continue the term of Executive Directors who has attained the age of 70 years and Non-Executive director who has attained the age of 75 years.

Further, the retirement age of KMP and SMP is 60 years and any extension at the discretion of the Company and as may be mutually agreed by the Company and KMP/ SMP may be provided.

**Removal and Resignation**

The NRC shall consider and recommend to the Board the removal of a Director, KMP or Senior Management based on performance evaluation, non-compliance with statutory provisions, violation of policies, or any other justifiable reason as per applicable laws. The NRC shall also review any resignations tendered.

**Board Diversity**

The NRC shall ensure that no person is discriminated against on grounds of gender, age, sexual orientation, marital status, pregnancy, any medical conditions, national origin or ancestry, religion, race or any other personal or physical attribute which does not determine the ability of any person for the role for they are being considered.

The NRC shall review and evaluate Board composition to ensure that the Board and its Committees have the appropriate mix of skills, experience, independence and knowledge to ensure their continued effectiveness.

**Amendment**

Any change in the Policy shall be approved by the Board. The Board shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding

In case of any subsequent changes in the provisions of the aforementioned statutes, the statutes would prevail over the Policy and the provisions in the Policy would be modified in due course to make it

consistent with prevailing law. Any subsequent amendment/modification in SEBI Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

### **General**

Notwithstanding anything contained in this Policy, the Company shall ensure compliance with any additional requirements as may be prescribed under any laws/regulations either existing or arising out of any amendment to such laws/regulations or otherwise and applicable to the Company, from time to time.

### **Disclosures**

This Policy shall be disclosed on the Company's website at <https://sdpack.in/>.

### **Version History:**

| <b>Version</b>          | <b>Approved By</b> | <b>Approval Date</b> | <b>Effective Date</b> |
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