



# **Nomination and Remuneration Policy**

## INTRODUCTION

Sara Solutions Limited (the “Company”) has always considered its human resource as its prime driving force. The Company has adopted a policy which covers a whole gamut of human resource functions such as the recruitment, promotion, training and development. These policies have been adopted by the Board of Directors of the Company (“Board”) and amended from time to time by the competent authority.

The Company’s Board has constituted a Nomination and Remuneration Committee (the “Committee”) consisting of three non-executive directors out of which not less than one-half are independent directors and the Chairman of the said Committee is an independent director. The Company, taking forward its compliance with the regulatory requirements has formulated a Nomination and Remuneration Policy (the “Policy”) pursuant to the requirements of the Companies Act, 2013 read along with rules framed thereunder, as amended from time to time (the “Act”) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “SEBI Listing Regulations”).

The Policy has been formulated by the Company and the same was recommended for approval of the Board. The Board has approved the Policy in its meeting held on **20<sup>th</sup> February, 2024**.

## AIMS AND OBJECTIVES

- The Remuneration Policy aims to enable the Company to attract, retain and motivate high caliber members for the Board and Executives. The remuneration policy, therefore, is market-led and takes into account the competitive circumstances of each business segment of the Company so as to attract and retain quality talent and leverage performance significantly.
- The Remuneration Policy seeks to enable the Company to provide a well-balanced and performance-related compensation package, taking into account shareholder interests, industry practices and relevant corporate regulations in India.
- The Remuneration Policy will ensure that the interests of Executives are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the Company and will be consistent with the "pay-for-performance" principle.
- The Remuneration Policy will ensure that remuneration to Executives involves a balance between fixed pay and incentive (by way of increment/special allowance/promotion/any other form) reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

## ROLES AND RESPONSIBILITIES

- Decide on the annual bonus/ performance pay/ variable pay pool and policy for its distribution across the executives and non-executives of the company;
- Formulation and modification of schemes for providing perks and allowances for officers and non-executives as per the guidelines/directions of the Govt. of India;
- Exercising such other roles assigned to it by the provisions of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and any other laws and their amendments from time to time.



## REMUNERATION/COMPENSATION TO NON-EXECUTIVE DIRECTORS

Non-Executive Directors are paid remuneration by way of Sitting Fees and reimbursement of expenses for participation in the Meeting of the Board of Directors of the Company or any duly constituted Committee thereof and such other permissible payments/benefits (excluding stock options), subject to the governing provisions of the Companies Act, 2013 and Listing Regulations.

In addition to the above, they may also be paid Remuneration/Compensation by way of profit related commission or otherwise within the overall limit prescribed under the Companies Act, 2013 and rules framed thereunder, subject to the approval of Board of Directors and also by shareholders in General Meeting, if so required, based on recommendations of the Nomination and Remuneration Committee.

### Criteria for making payment to Non-Executive Directors:

With changes in the Corporate Governance norms brought by the Companies Act, 2013 as well as SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015(Listing Regulations), the role of Non- Executive Directors (NED) and the degree of their engagement with the Board and the Company has undergone significant changes over a period of time. The Non-Executive Directors bring in a wider perspective in the deliberations and decision-making of the Board which adds value to the Company. They also play a crucial role in the independent functioning of the Board.

Pursuant to the provisions of Companies Act, 2013 read with Listing Regulations, following are the criteria for making payment to Non-Executive Directors of the Company:

- **Sitting Fee:**  
The Non- Executive Director(s) shall receive Sitting fees for attending meetings of the Board or Committee thereof or any other meeting within the limits prescribed under Companies Act, 2013.
- **Remuneration:**  
Section 197 of the Companies Act, 2013, allows a Company to pay remuneration (excluding sitting fees) to its NEDs either by monthly payment or at a specified percentage of net profits of the Company, or partly by one way or partly by other subject to the prior approval of the shareholders of the Company. Remuneration referred to above, may be paid to Non-Executive Directors as may be decided by the Board of Directors of the Company from time to time, depending on the extra time that may be devoted and contributions made by the Non-Executive Directors to the Company.
- **Reimbursement of actual expenses incurred:**  
NEDs may also be paid/reimbursed such sums either as fixed allowance and /or actual as fair compensation for travel, boarding and lodging and incidental and /or actual out of pocket expenses incurred by such member for attending Board/Committee Meetings.



The Nomination and Remuneration Committee is entrusted with the role of reviewing the compensation of NEDs.

- **Payment to Independent Directors:**

An Independent Director shall not be entitled to any stock option and shall receive Sitting fees and reimbursement of expenses for participation in meetings of the Board or committee thereof and profit

related remuneration up to a specified percentage of net profits in such proportion, as may be permissible under the Companies Act, 2013 and any other applicable law at the discretion of the Board.

**The above criteria and policy are subject to review by the Nomination & Remuneration Committee and the Board of Directors of the Company.**

#### **REMUNERATION/COMPENSATION TO EXECUTIVES (OTHER THAN NON-EXECUTIVE DIRECTORS)**

The Committee while recommending the remuneration package of the Executives may take into consideration the followings:

- a) employment scenario relevant to business in which the Company operates;
- b) remuneration package prevalent in the relevant industry segment; and
- c) remuneration package of the managerial talent of other industries comparable to the size and nature of operations of each business segment of the Company.

Executives unless otherwise decided by the Committee shall receive a competitive remuneration package consisting of the following components:

- 1. FIXED SALARY:** - Fixed salary rewards the Senior Management Personnel for their day-to-day job performance and ensures a balanced overall remuneration package. The fixed salary shall comprise of Basic Salary, Allowances and other Benefits/Perquisites as per the standard rules/policies of the Company. Annual increment in Basic Salary and Allowances with consequential perquisites and benefits, if any.
- 2. VARIBALE COMPONENTS:** - In order to encourage common goals for the Senior Management Personnel as well as stakeholders of the Company and to meet the short as well as long-term goals, the Nomination and Remuneration Committee may in its discretion formulate and recommend an appropriate incentive compensation package, inter alia, for the select Senior Management Personnel. Such incentive compensation package may comprise any form of variable remuneration. Performance Incentive may be given either by way of a separate payment or Performance Linked Incentive or as a differential in the Fixed Salary increment or as a lumpsum Special Allowance or in such other manner as considered appropriate. Accordingly, the components of such remuneration need not be separately quantified.



The Variable Components may be linked to compliance in full or in part with the targets. These may comprise personal targets linked to the performance of the Senior Management Personnel in question, delivery of annual business results by the Company and/or the Business Segment in which the Senior Management Personnel render services having regard to the prevailing business environment or the occurrence of a specific event. In addition, loyalty, longevity, attitude, foresight, potential for growth, motivation, dependability, initiative and such other factors as deemed appropriate may also be taken into consideration. In case of Senior Management Personnel who are responsible for implementing long term strategy of the Company, a part of the variable pay may be set aside towards meeting such objectives.

- 3. PERSONAL BENEFITS/PERQUISITIES:** - Senior Management Personnel may have access to various benefits/ perquisites in accordance with applicable laws or as per the rules and regulations of the Company. Senior Management Personnel may also be entitled to retirement/post-retirement benefits such as provident fund, gratuity, Superannuation/Pension as per Company's scheme to select category of employees, encashment of accumulated unvested privilege leaves as per rules framed by the Company, etc. and/or such other benefits as per the applicable rules of the Company.

**CRITERIA FOR IDENTIFICATION OF THE BOARD MEMBERS AND APPOINTMENTS OF KEY MANAGERIAL PERSONNEL/SENIOR MANAGEMENT PERSONNEL:**

- The members of the board shall possess appropriate skills, qualification, knowledge, characteristics and experience. The objective is to have a Board with diverse background and experience in business, government, academics, technology, human resources, social responsibilities, finance, law etc. or in such other areas as may be considered relevant or desirable to conduct the Company's business in a holistic manner. The Committee shall also examine the structure, composition and functioning of the Board and recommend changes, if necessary, to improve the Board's effectiveness.
- Directors should possess high level of personal and professional ethics, positive attributes, integrity and values. They should be able to balance the legitimate interest and concerns of all the Company's stakeholders in arriving at appropriate decisions in the best interest of the Company. In addition, Directors must be willing to devote sufficient time and energy in carrying out their duties and responsibilities effectively. They must have the aptitude to critically evaluate management's working as part of a team in an environment of collegiality and trust.
- In evaluating the suitability of individual Board members, the Committee takes into account many factors, including general understanding of the Company's business dynamics, global business, social perspective, educational and professional background and personal achievements.
- Independent Directors shall be person of integrity and possess expertise and experience and/or someone who the Committee/Board believes could contribute to the growth/philosophy/strategy of the Company. The Nomination & Remuneration Committee shall lay down the evaluation criteria for performance evaluation of Independent Directors and the Page 6 of 6 Company shall disclose such criteria for performance evaluation in its Annual Report.



The evaluation of Independent Directors, inter alia, with respect to performance and fulfilment of the independence criteria as per Listing Regulations and their independence from the management shall be done by the entire Board of Directors (excluding the Director being evaluated). The Company shall also provide suitable training to Independent Directors to familiarize them with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc.

- The Nomination and Remuneration Committee shall identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual Directors to be carried out by the Board.
- The candidate for the appointment as Senior Management Personnel should possess adequate qualification, positive attributes, characteristics and work experience besides high level of personal and professional ethics, integrity and values. The Committee evaluates each individual with the objective of having a group that best enables the success of the Company's business and achieve its objectives.
- For any appointment as Senior Management Personnel, the existing employees in the Company or within the other manufacturing companies of the Group may generally be accorded a priority. While assessing the candidature of existing employee, his/her past performance in the Company or within the Group shall be given due consideration.

#### **AMENDMENTS TO THE POLICY:**

The Board of directors on the recommendation of the Nomination and Remuneration Committee shall be entitled to amend this policy (including amendment or discontinuation of one or more incentive packages introduced in accordance with this Policy) in line with the governing laws/regulations and in accordance with the best-in-class industry practices with respect to Corporate Governance.

#### **APPROVAL/ADOPTION OF POLICY:**

This Remuneration Policy as framed and recommended by the Committee from time to time in line with the applicable regulations shall be recommended to the Board of Directors for its adoption.

#### **DISCLOSURE:**

The salient features of the Remuneration Policy and changes therein, if any, along-with the web address shall be disclosed in the Board's Report and the Corporate Governance Report forming part of the Annual Report of the Company in accordance with the applicable provisions of the Companies Act, 2013 and Listing Regulations, as amended from time to time.

The Remuneration Policy shall be placed on the website of the Company; [www.sltd.in](http://www.sltd.in).

