

SOFTTECH ENGINEERS LIMITED

Nomination and Remuneration Policy

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TABLE OF CONTENTS

Sr. No	Particulars	Page No.
1.	Purpose	2
2.	Applicability	2
3.	Objectives	2
4.	Definitions	3
5.1	Constitution of Nomination and Remuneration Committee	4
5.2	Role and Powers of the Committee	4
5.3	Appointment Of Managerial Personnel, Director, Kmp And Senior Management	5
5.4	Term / Tenure	6
5.5	Retirement	6
5.6	Remuneration Of Managerial Personnel, Kmp and Senior Management	6
5.7	Remuneration to Non-Executive / Independent Directors	8
6.	Monitoring, Evaluation and Removal	9
7.	Amendment to the Policy	9
8.	Disclosure	9

1. PURPOSE

Pursuant to the provision of Section 178 of the Companies Act, 2013 (**“the Act”**) and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (**“Listing Regulations”**) the Board of Directors of every listed company shall constitute the Nomination and Remuneration Committee, to guide the Board on various issues on appointment, evaluate performance, remuneration of Directors, Key Managerial Personnel and Senior Management.

The Board of Directors of the Company (**“Board”**) has approved and adopted this revised Policy at their meeting held on 2nd November, 2021, which can be amended from time to time.

2. APPLICABILITY

This policy is applicable to all Directors, Key Managerial Personnel (KMP) and Senior Management team and other employees, as may be specified, of SOFTTECH ENGINEERS LIMITED (the **“Company”**).

3. OBJECTIVES

This policy is framed with the following objectives:

- i. To guide the Board in relation to the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- ii. To attract, retain and motivate the Senior Management including its Key Managerial Personnel, evaluation of their performance and to ensure the relationship of remuneration with performance is clear and meets appropriate performance benchmarks.
- iii. To recommend the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management involving 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 formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors
- v. To promote and develop a high performance workforce in line with the Company strategy.
- vi. To lay down criteria and terms and conditions with regard to identifying person who are qualified to become Director (Executive & Non- Executive/ Independent/Nominee) and persons who may be appointed in Senior Management, Key Managerial Personnel and determine their remuneration.
- vii. To determine the remuneration based on the Company’s size and financial position and practices in the industry.

4. DEFINITIONS

- I. “Act” means Companies Act, 2013 and rules framed thereunder as amended from time to time.
- II. “Board of Directors” or “Board”, in relation to the Company, means the collective body of the Directors of the Company.
- III. “Committee” means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- IV. “Company” means SOFTTECH ENGINEERS LIMITED.
- V. “Managerial Personnel” means Managerial Personnel or Persons, applicable under Section 196 and other applicable provisions of the Companies Act, 2013.
- VI. “Policy” or “This policy” means Nomination and Remuneration Policy.
- VII. “Remuneration” means any money or its equivalent given or passed to any person for services rendered by him/her and includes perquisites as defined under the Income Tax Act, 1961.
- VIII. “Independent Director” means a Director referred to in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2021.
- IX. “Key Managerial Personnel” (KMP), in relation to a company, means -
 - i. the Chief Executive Officer or the Managing Director or the Manager;
 - ii. The company secretary;
 - iii. The whole-time director;
 - iv. 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
 - vi. such other officer as may be prescribed;
- X. “Senior management” shall mean the officers and personnel of the listed entity 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 or Managing Director or Whole Time Director or Manager (including Chief Executive Officer 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 Companies Act, 2013 and the Listing Agreement / SEBI LODR Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.

5.0 POLICY

5.1 CONSTITUTION OF NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee shall comprise of at least 3 (three) Directors, subject to the condition that all the Directors of the Committee shall be non-executive directors and at least two-thirds of the Directors shall be Independent Directors. Further, the Chairperson of the Committee shall be Independent Director provided that the Chairperson of the Company (whether executive or non-executive) may be appointed as a member of this Committee but shall not chair such Committee.

The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirements including the SEBI (LODR) Regulations 2015, as amended from time to time. The Committee shall meet at least once in a year to carry out the objectives set out in the Policy. The Committee members may attend the meeting physically or through Video conference or through permitted audio –visual mode, subject to the provisions of the applicable laws. The Committee shall have the authority to call such employee (s), senior official(s) and / or externals, as it deems fit. The Company Secretary shall act as Secretary to the Committee.

5.2 ROLE AND POWERS OF THE COMMITTEE:

The Role and Powers of the Committee shall be as under:

- Identify persons who are qualified to become directors and 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 either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
- Formulate the criteria for determining the qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for directors, KMPs and other employees;
- Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- Devising a policy on diversity of Board of Directors;
- Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of independent directors;

- Determine our Company's policy on specific remuneration package for the Managing Director / Executive Director including pension rights;
- Recommend to the board, all remuneration, in whatever form, payable to senior management.
- Determine our Company's policy on specific remuneration package for the Managing Director / Executive Director including pension rights;
- Define and/or implement the Performance Linked Incentive Scheme (including ESOP of the Company) and evaluate the performance and determine the amount of incentive of the Executive Directors for that purpose.
- Decide the amount of Commission payable to the Whole time Directors;
- Review and suggest revision of the total remuneration package of the Executive Directors keeping in view the performance of the Company, standards prevailing in the industry, statutory guidelines etc; and
- To formulate and/or administer the Employee Stock Option Scheme;
- Allotment of shares consequent to exercise of stock options.

To perform such functions as may be assigned to them by the Board of Directors, from time to time or containing into the Companies Act or SEBI Listing Regulations 2015 to the extent applicable The Chairperson of the Nomination and Remuneration Committee or, in his absence, any other member of the Committee authorised by him, shall be present at the General meetings of the Company, to answer the shareholders queries, if any.

The Nomination and Remuneration Committee shall set up a mechanism to carry out its functions and is further authorized to delegate any / all of its powers to any of the Directors and /or Officers of the Company, as deemed necessary for proper and expeditious execution.

5.3 APPOINTMENT OF MANAGERIAL PERSONNEL, DIRECTOR, KMP AND SENIOR MANAGEMENT:

- a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Managerial Personnel, Director or KMP or Senior Management and recommend to the Board his /her appointment.
- b. A person should possess adequate qualification, expertise and experience for the position he /she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient /satisfactory for the concerned position.
- c. Appointment of Independent Directors is subject to compliance of provisions of Section 149 of the Companies Act, 2013, read with Schedule IV and rules thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015) as amended from time to time.

5.4 TERM / TENURE:

a. Managerial Personnel:

The Company shall appoint or re-appoint any person as its Managerial Personnel 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.

b. Independent Director:

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 reappointment on passing of a special resolution by the Company and Disclosure 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 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/Managing Director of a listed company.

The maximum tenure of Independent Directors shall also be in accordance with the Companies Act, 2013 and clarifications/ circulars issued by the Ministry of Corporate Affairs, in this regard, from time to time as well as SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

5.5 RETIREMENT:

Any Director other than the Independent Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing internal policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

5.6 REMUNERATION OF MANAGERIAL PERSONNEL, KMP AND SENIOR MANAGEMENT:

1. The Remuneration / Compensation / Profit linked Incentive etc. to Managerial Personnel, KMP and Senior Management will be determined by the Committee and recommended to the Board for approval. The Remuneration / Compensation / Profit Linked Incentive etc. to be paid for Managerial Personnel shall be subject to the prior/post approval of the shareholders of the Company and such other approval, wherever required.

2. The remuneration and commission to be paid to Managerial Personnel shall be as per the statutory provisions of the Companies Act, 2013 and Listing Regulations, and the rules made thereunder for the time being in force.
3. Managerial Personnel, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013 and Listing Regulations, and the rules made thereunder for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and such other authorities, wherever required.
4. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Companies Act, 2013.
5. If any Managerial Personnel draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the approval required under this section, he / she shall refund such sums to the Company within 2 (Two) 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.
6. Increments if declared to the existing remuneration / compensation structure shall be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managerial Personnel.
7. Increments if declared will be effective as per HR Policy in each financial year in respect of Managerial Personnel, KMP, Senior Management subject to other necessary approvals from statutory authorities as may be required.
8. Where any insurance is taken by the Company on behalf of its Managerial Personnel, KMP and Senior Management for indemnifying them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company, 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.
9. Only such employees of the Company and its subsidiaries as approved by the Nomination and Remuneration Committee will be granted ESOPs.

10. Stock Options:

Pursuant to the provisions of the Companies Act 2013, Managerial Personnel, KMP, Senior Management and an employee shall be entitled to any Employee Stock Options (ESOPs) of the Company.

5.7 REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTORS:

a. Sitting Fee:

The Non-executive Director(s) shall receive Sitting fees for attending meetings of the Board or Committee there of or any other meeting as required by Companies Act, 2013, SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 (Listing Regulations) or other applicable law.

b. Remuneration:

Section 197 of the Companies Act, 2013, allows a Company to pay remuneration (excluding sitting fees) to its NEDs at a specified percentage of net profits of the Company, 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 with the prior approval of Nomination and Remuneration Committee from time to time, depending on the Company's performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board. The NRC may recommend to the Board, the quantum of commission for each Director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and committee meetings, individual contributions at the meetings and contributions made by Directors other than in meetings.

The approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof.

c. Reimbursement of actual expenses incurred:

NEDs may also be paid / reimbursed such sums incurred as actual for travel, incidental and / or actual out of pocket expenses incurred by such Director / Member for attending Board /Committee Meetings.

d. 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 from time to time.

6. MONITORING, EVALUATION AND REMOVAL:

I. Evaluation:

The Committee shall carry out evaluation of performance of every Managerial Personnel, Director, KMP and Senior Management on yearly basis.

II. Removal:

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Managerial Personnel, Director, KMP or Senior Management subject to the provisions of Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.

III. Minutes of Committee Meeting:

Proceedings of all meetings must be recorded in the Minutes and signed by the Chairperson of the said meeting or the Chairperson of the next succeeding meeting. Minutes of the Committee meeting will be circulated at the subsequent Board meeting for noting.

7. AMENDMENT TO THE POLICY:

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

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), Clarification, circular(s) etc.

8. DISCLOSURE:

The details of this Policy and the evaluation criteria as applicable shall be disclosed in the Annual Report as part of Board's Report therein or alternatively the same may be put up on the Company's website and reference drawn thereto in the Annual Report.