

Salem Erode Investments Ltd

CIN No. L31200WB1931PLC007116

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Nomination and Remuneration Committee Policy of Salem Erode Investments Limited as approved by the Board of Directors vide. Meeting held on 27th day of August, 2021.

(This policy is in supersession of previous policy and consistence with provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I. Background

Salem Erode Investments Limited (hereinafter referred to as “the Company”) is an emerging financial service providing Company established and emerged in 16.05.1931 with a registration under the Companies Act, 1913 and expanded its operation into Non-Banking Financial Sector in 1998 with the approval of Reserve Bank of India. Presently, the Company is planning to expand its operations to different parts of the Country in the coming Financial Years.

As the Company falls under the purview of the provisions of Section 178 of the Companies Act, 2013 (hereinafter referred to as “Act”), Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments made thereunder, the constitution and maintenance of Competent and Qualified Nomination and Remuneration Committee (hereinafter referred to as “Nomination and Remuneration Committee” or “Committee”) is mandatory. Being the Act mandates certain transactions to be approved by the Committee, continuance of the same in a transparent manner is necessary. To review and oversee the performance of Directors, system of recruitments and remuneration, monitoring compliance with laws and regulations and the Code of Conduct, the Board of Directors vide. Meeting held on 27th day of August, 2021 revised the existing Nomination and Remuneration Committee Policy.

The Committee is established with the aim of enhancing confidence in the integrity of an organisation's processes and procedures relating to recruitment and remuneration of Key Managerial Personnel. The Committee provides an 'independent' reassurance to the Board through its oversight and monitoring role.

II. Purpose

The Policy would lay down the guiding principles for appointment, removal, and performance appraisal etc. of Directors, Key Managerial Personnel and Senior Management Officials and related statutory compliances by the Committee.

III. Applicability

The policy shall be applicable to all functions as detailed below of the Company, effective from 27.08.2021 to next meeting in which policy is revised.

IV. Composition of the Nomination and Remuneration Committee

- 1) The Committee shall have minimum three Directors as members, with cent percent Non-Executive Directors and having Independent Directors forming one half of the Members.
- 2) All Members of Committee shall have sound knowledge of business and market conditions and at least one member shall have accounting or related financial management expertise.
- 3) The Chairperson of the Committee shall be an Independent Director and he shall be present at Annual General Meeting to answer shareholder queries.
- 4) The Company Secretary shall act as the Secretary to the Committee.
- 5) The Board of Directors may, at its discretion reconstitute the Committee by inducting or removing any Director, with or without any reasons.

V. *Role and Responsibilities of the Committee*

- 1) Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with criteria as laid down and recommend to Board their appointment and removal.
- 2) Ensure persons proposed to be appointed on the Board do not suffer any disqualifications for being appointed as a Director under the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 3) Ensure that the proposed appointees have given their consent in writing to the Company.
- 4) Review and carry out every Director's performance, the structure, size and composition including skills, knowledge and experience required of the Board compared to its current position and make recommendations to the Board with regard to any changes.
- 5) Plan for the succession planning for Directors in the course of its work, taking into account the challenges and opportunities facing the Company and what skills and expertise are therefore needed on the Board in the future.
- 6) Be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- 7) Keep under review the leadership needs of the organization, both Executive and Non-Executive, with a view to ensuring the continued ability of the organization to compete efficiently in the market place.
- 8) Ensure that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of services and involvement outside Board Meetings.
- 9) Determine and agree with the Board the framework for broad policy for criteria for determining qualifications, positive attitudes and independence of a Director and recommend to the Board a policy, relating to

remuneration for the Directors, Key Managerial Personnel and other employees.

- 10) Review the on-going appropriateness and relevance of the remuneration policy.
- 11) Ensure that contractual terms of the agreement that Company enters into with Directors as part of their employment in the Company are fair to the individual and the Company.
- 12) Ensure that all provisions regarding disclosure of remuneration and Remuneration Policy as required under the Companies Act, 2013 or such other acts, rules, regulations or guidelines are complied with.
- 13) Devising a policy on diversity of Board of Directors.
- 14) Draft and submit a Remuneration Policy on Annual Basis for the approval of Board of Directors of the Company.
- 15) Review and recommend any amendments to be made in the Nomination & Remuneration Committee policy of the Company on Annual Basis.
- 16) Sign and submit copies of the Minutes or Resolutions of the Meetings of the Committee with any judicial, quasi-judicial, regulatory, other government department or anyone concerned or interested in the matter signed by the Chairman of the Committee, whenever and wherever required.
- 17) Submit Minutes of the Committee Meetings at the subsequent meeting of Board of Directors of the Company for consideration and approval.
- 18) Review and submit an Annual Report for the approval of Board of Directors of the Company.

VI. Powers of Committee

- 1) The Committee may call for a meeting with the Management to review and discuss the performance of Directors, Key Managerial Personnel and Senior Management Staff.

- 2) The Committee shall have authority to investigate into any matter in relation to the items as specified below or referred to it by the Board and for this purpose and have full access to information contained in the records of the Company.
- 3) The Committee shall have powers to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.
- 4) To retain external legal, accounting or other professional advisors as the Committee deems necessary or appropriate to carry out its duties.
- 5) The Committee at its discretion shall invite the Finance Director or Head of the finance function, Human Resource Manager and any other such executives to be present at the meetings of the Committee.
- 6) Periodically report to the Board or Committee of the Board inter alia all significant matters that have come to the knowledge of the Committee, covering policies and statutory/regulatory compliances related to the same.

VII. Scope

1) Directors, Key Managerial Personnel and senior management Staff

a) Appointment

The Committee shall recommend appointment of Directors, Key Managerial Personnel and Senior Management Staff of the Company by considering the following:

- i. Ensure the candidate possess adequate qualification, expertise and experience commensurate with the position.
- ii. Priority may be given to persons with Professional Qualifications and experience.

- iii. Persons with experience in similar line of business and holding positions in other Company's Board may be considered with added advantage.
- iv. Persons with experience and connection with Government Departments, Financial and Risk Management, Media, Public Relations, Marketing, Business Networks, Philanthropy etc shall be considered.
- v. Code of Conduct of Independent Directors and other Statutory compliances with respect to the appointment/remuneration of Independent Directors.
- vi. Code of Conduct of Senior Management with respect to the appointment/remuneration of Directors other than Independent Directors, Key Managerial Persons and other Senior Management.

b) Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable law, rules and regulations, thereunder, the Committee may recommend, to the Board with reasons to be recorded in writing, removal of a Director, Key Managerial Personnel or Senior Management, subject to the provisions and compliance of the said Act, such other applicable law, rules and regulations.

c) Retirement

The Directors, Key Managerial Personnel and Senior Management shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, Key Managerial Personnel and Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

d) Remuneration

The Committee shall ensure:

- i. 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. The relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- iii. The 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.

2) Evaluation of performance of Directors, Key Managerial Personnel, Senior Management Staff and Committees of Board

- a) Ensure that all Directors have attended and actively participated in meetings.
- b) Ensure that the Directors have contributed own skills, experience and knowledge to support the growth and success of the organisation.
- c) Ensure that the Directors have promoted constructive and respectful relations between the Board and Management.
- d) Ensure that the Directors worked with the Board to adopt an annual work plan that is consistent with the organisation's vision, mission and strategic directions.
- e) Review and monitor the independence and performance, and effectiveness of work process of Directors, Key Managerial Personnel, Senior Management Staff and Committees of Board.

VIII. Guidelines for convening a meeting

- 1) Any Member of the Committee may, at any time, summon a meeting of the Committee and the Secretary or where there is no Secretary, any person authorized by the Committee in this behalf, on the requisition of a Member, shall convene a meeting of the Committee, in consultation with the Chairman or in his absence, any Independent Member.

- 2) The Committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings.
- 3) The quorum for Committee meeting shall either be two members or one third of the members of the Committee, whichever is greater, with at least two Independent Directors. A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- 4) Every meeting shall have a serial number and may be convened at any time and place, on any day.
- 5) The Chief Financial Officer, Internal Auditor, Statutory Auditors, Human Resource Manager or an external consultant may be requested to be present as invitees for the meetings of the Committee.
- 6) The Committee may invite such executives including Key Managerial Persons and Senior Management, as it considers appropriate, to be present at the meetings of the Committee. Such persons shall not have the right to vote.
- 7) Notice convening a meeting along with agenda and notes shall be given at least seven days before the date of the meeting. To transact urgent business, the notice, agenda and notes on agenda may be given at shorter period of time than stated above, if atleast Chairman or majority of Independent Directors, if any, shall be present at such meeting. Notice of the meeting shall clearly mention a venue, whether Registered Office or otherwise, to be the venue of the meeting and all the recordings of the proceedings of the meeting, if conducted through electronic mode, shall be deemed to be made at such place. The Notice in writing of every meeting shall be given to every Member by hand or by speed post or by registered post or by facsimile or by e-mail or by any other electronic means. Notice shall be issued by the Secretary or where there is no Secretary, any Member or any other person authorized by the Committee for the purpose.
- 8) The Chairman of the Committee shall be decided by the Board of Directors of the Company from time to time. The Chairman of the Committee shall conduct the meetings of the Committee. If the Chairman is unable to attend the meeting, the Members present at the meeting shall elect one of

the Independent Directors to chair and conduct the meeting, unless otherwise informed by the Board of Directors of the Company.

- 9) The Committee shall maintain attendance register in a bounded form for the meetings of the Committee. The pages of the attendance register shall be serially numbered. The attendance register shall be in the custody of the Secretary.
- 10) The Committee shall keep Minutes of all Committee Meetings in a Minutes Book. The Minutes of the meeting shall be recorded by the Secretary or in absence, by any Member, nominated by the Chairman of the Meeting and may maintain in physical or electronic mode. Within fifteen days from the date of the conclusion of the meeting of the Committee, the draft Minutes thereof shall be circulated by hand or by speed post or by registered post or by courier or by e-mail or by any other recognized electronic means to all the Members of the Committee, as on the date of the meeting, for their comments. Minutes shall be entered in the Minutes Book within thirty days from the date of conclusion of the meeting. Minutes of the meeting of the Board shall be signed and dated by the Chairman of the meeting or by the Chairman of the next meeting. Within fifteen days of signing of the Minutes, a copy of the said signed Minutes, certified by the Secretary or where there is no Secretary by any Member authorized by the Committee, shall be circulated to all the Members of the Committee. Minutes of the meetings of any Committee shall be noted at a meeting of the Board held immediately following the date of entry of such Minutes in the Minutes Book.
- 11) Any actions of the Members of the Committee beyond the scope of their authorities will attract civil and criminal liabilities. The Board of Directors of the Company always reserves the power to appoint, expel or replace any Member of the Committee, as and when required.
- 12) The Committee shall follow the principles enunciated in the Secretarial Standard-1 (SS-1) on "Meetings of the Board of Directors", issued by the Council of the Institute of Company Secretaries of India, unless otherwise stated herein or stipulated by any other applicable Guidelines, Rules or Regulations.

IX. Sitting Fees

Members of the Committee shall receive such sitting fees, if any, for their services as the members of Committee as may be determined by the Board at its sole discretion.

X. Committee Evaluation

The Committee shall undergo an annual self-evaluation of its performance and report the result to the Board. Indicative areas for evaluation as part of this exercise include:

- Degree of fulfillment of key responsibilities.
- Adequacy of Committee composition.
- Effectiveness of meetings.
- Committee dynamics.
- Quality of relationship of the Committee with the Board and the Management.

XI. Amendment

The Nomination and Remuneration Committee of the Company will be guided by this policy and subject to the power granted to/ terms of reference of the Committee as decided by Board of Directors of Company from time to time and requirement under the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or such other acts, rules, regulations or guidelines. This policy can be modified at any time by the Board of Directors of the Company.

For **Salem Erode Investments Limited**

Sd/-

K.G. Anilkumar

Managing Director

(DIN: 00766739)