

NOMINATION AND REMUNERATION POLICY

INTRODUCTION

The Policy has been formulated in pursuant to the provisions of Section 178 of the Companies Act, 2013 read with the applicable rules and amendments thereto and ensures compliance to all the requirements of Securities and Exchange Board of India (“SEBI”) Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”) and amendments thereto.

It applies to Directors, Key Managerial Personnel, Senior Management and other employees of the Company. The Policy has been approved by the Board in the meeting dated 12th August, 2024

OBJECTIVES

The objectives of this Policy are as follows:

- i. To guide the Board in relation to the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- ii. To evaluate the performance of the members of the Board and provide the necessary report to the Board for further evaluation of the Board.
- iii. To recommend to the Board Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- iv. To provide Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- v. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- vi. To devise a policy on Board diversity
- vii. To develop a succession plan for the Board and to regularly review the plan.

DEFINITIONS

“Act” means Companies Act, 2013 and rules framed there under

“Board” means Board of Directors of the Company

“Committee” means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.

“Company” means **Savani Financials Limited.**

“Employees” means individuals on the payroll of the Company.

“Key Managerial Personnel” or **“KMP”** means:

- i. Chief Executive Officer, Managing Director, Manager
- ii. Company Secretary
- iii. Whole-time Director
- iv. Chief Financial Officer
- v. Such other officer as may be prescribed, from time to time under the applicable statutory provisions / regulations

“Listing Agreement” means listing agreement as entered by the Company with Bombay Stock Exchange Limited (as amended from time to time).

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

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

ROLE OF COMMITTEE

MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE

The Committee shall:

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- ii. Identify persons who are qualified to become Director including Independent Director and persons who may be appointed as KMP and Senior management personnel in accordance with the criteria laid down in this Policy and recommend their appointment to the Board.
- iii. Make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director / KMP as an employee of the Company subject to the provisions of the law and their service contract.

CRITERIA FOR APPOINTMENT OF DIRECTOR / KMP / SENIOR MANAGEMENT:

The Company shall consider following points, while proposing the appointment of Director / KMP / Senior management personnel:

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director including Independent Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

A person should possess adequate qualifications, 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.

The proposed Director / KMP / Senior management personnel should possess the highest personal and professional ethics, integrity and values.

The person so appointed as Director/ Independent Director/ KMP/ Senior management personnel shall not be disqualified under the Companies Act, 2013, rules made there under, Listing Agreement or any other enactment for the time being in force.

The Director/ Independent Director/ KMP/ Senior management personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made there under, Listing Agreement or any other enactment for the time being in force.

The Board of Directors shall have the optimum combination of Directors from the different areas /fields like production, Management, Quality Assurance, Finance, Sales and Marketing, Supply chain, Research and Development, Human Resources etc. or as may be considered appropriate.

The Board shall have at least one Board member who has accounting or related financial management expertise.

The proposed Director must be willing to devote sufficient time and energy in carrying out their duties and responsibilities.

In addition, the proposed KMP / Senior management personnel shall also possess: (a) Strong analytical and excellent communication skills; (b) collaborative and flexible style, with a strong service mentality; (c) Leadership skills – ability to lead and motivate a team, supervise them and provide / suggest regular progress reviews and plans for improvement.

REMUNERATION OF DIRECTORS

The Independent Directors of the Company shall be entitled for sitting fees for attending meetings of the Board and Committee(s) Meetings either personally or through video conferencing or any audio-visual means or teleconference, as may be approved by the Board. The Independent Directors shall not be entitled to any stock option of the Company.

Based on the performance of the Company, the Committee may recommend payment of profit related commission to Non-Executive Directors as per limits laid down in Act, subject to approval of the Board and shareholders of the Company.

The remuneration payable to anyone Managing Director or Whole-time director or manager shall not exceed five per cent of the net profits of the Company and if there is more than one such director's remuneration shall not exceed ten per cent. of the net profits to all such directors and manager taken together.

The Executive Directors may be paid cash bonuses or incentives directly related to the working performance of the individual employees, their status and responsibility, the economic performance of the Company, the achievements of certain operational goals, including reaching certain budget targets.

TENURE

MANAGING DIRECTOR/WHOLE-TIME DIRECTOR

The Managing Director and Whole-time Directors of the Company shall be appointed / reappointed for a term not exceeding five years at a time. However, -No re-appointment shall be made earlier than one year before the expiry of term.

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 re-appointment for a term of another five years subject to the approval of shareholders by way of Special Resolution and disclosure of such appointment in the Board's Report 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 to 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 of a listed Company, or such other number as may be prescribed under the Act.

EVALUATION

The Committee shall carry out an evaluation of the performance of every Director, KMP and Senior Management Personnel at regular intervals (yearly).

CRITERIA FOR EVALUATION OF INDEPENDENT DIRECTOR AND THE BOARD

The evaluation of Director(s) shall be done by the Board (excluding the Director being evaluated) as per the following criteria read with the provisions of the Act and the Listing Agreement.

EXECUTIVE DIRECTORS

The Executive Directors shall be evaluated based on (i) achievement of the targets / key performance areas given to Executive Directors by the Board from time to time; and/or (ii) performance of the Company for the relevant period.

NON-EXECUTIVE DIRECTORS

The Non-Executive Directors shall be evaluated on the basis of the following criteria i.e. whether the Non-Executive Director has:

- i. acted objectively and constructively while exercising his/her duties.
- ii. exercised his/her responsibilities in a bona fide manner in the interest of the Company.
- iii. devoted sufficient time and attention to their professional obligations for informed and balanced decision making.
- iv. taken unfair advantage of their position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage in any manner.
- v. informed the Board immediately when he/she failed to meet any criteria for Independent Director as prescribed in the Act and/or Listing Agreement,
- vi. provided necessary guidance to the Company in implementing the best corporate governance practices.
- vii. strived to attend all meetings of the Board / its committees (of which he/ she is a Chairperson / Member) and general meetings of the Company.
- viii. participated constructively and actively in the Committees of the Board in which he/she is chairperson or member.
- ix. kept himself / herself well informed about the Company and the external environment / industry in which the Company operates.
- x. abided by Company's Memorandum and Articles of Association, Company's policies and procedures including Code of conduct, Insider trading guidelines etc.

REMOVAL

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

RETIREMENT

The Director, KMP and Senior Management Personnel 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, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

REVIEW OF POLICY

The Board of Directors reserves the right to review and amend this policy to ascertain its appropriateness as per the needs of the Company. Review shall be carried out at least once a year. In the event of any conflict between the provisions of this Policy and the Act or any other statutory enactments, rules, the provisions of such Act or statutory enactments, rules shall prevail over this Policy. The Board may, subject to applicable laws, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy.