



SCAN STEELS LIMITED

**“POLICY FOR SELECTION OF DIRECTORS AND DETERMINING DIRECTORS’
INDEPENDENCE”**

1. Introduction

1.1 Scan Steels Limited (SSL) believes that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. Towards this, SSL ensures constitution of a Board of Directors with an appropriate composition, size, diversified expertise and experience and commitment to discharge their responsibilities and duties effectively.

1.2 SSL recognizes the importance of Independent Directors in achieving the effectiveness of the Board. SSL aims to have an optimum combination of Executive, Non-Executive and Independent Directors.

2. Scope and Exclusion:

2.1 This Policy sets out the guiding principles for, Nomination and Remuneration Committee for identifying person who are qualified to become Director and to determine the independence of Directors, in case of their appointment as independent director of the Company.

3. Terms and References:

In this Policy, the following terms shall have the following meaning:

3.1 “**Director**” means a director appointed to the Board of a company.

3.2 “**Nomination and Remuneration Committee**” means the committee constituted by SSL’s Board in accordance with the provision of section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3.3 “**Independent Director**” means a director referred to in sub-section (6) of section 149 of the companies Act, 2013 and Regulation 16 (1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

4. Policy:

4.1 Qualification and criteria

4.1.1 The Nomination and Remuneration Committee, and the Board, shall review on an annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience that are relevant for the Company’s operations.

4.1.2 In evaluating the suitability of individual Board members, the Nomination and Remuneration Committee may take into account factors, such as:

- General understanding of the Company's business dynamics, global business and social perspective;
- Educational and professional background
- Standing in the profession;
- Personal and professional ethics, integrity and values;
- Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

For appointing Independent Directors Nomination and Remuneration Committee will take the following in to the account:

- Evaluate the balance of skills, Knowledge and experience on the board and identify the capabilities required in the Board.
- Prepare description of roles and capabilities and identify candidates who has the said capabilities and in case NRC is looking to replace another Independent Director completing his/her tenure, then accordingly, the description will capture the skillset and expertise of the outgoing Independent Director.
- For identifying suitable candidate NRC can take assistance from the external agencies and Independent Directors Data Bank, consider candidates from a wide range of backgrounds, having due regard to diversity.

4.1.3 The proposed appointee shall also fulfill the following requirements:

- Shall possess a Director Identification Number;
- Shall not be disqualified under the Companies Act, 2013;
- Shall give his/her written consent to act as a Director;
- Shall Endeavour to attend all Board Meetings and wherever he/she is appointed as a committee member, the committee Meetings;
- Shall abide by the code of conduct established by the Company for Directors and senior Management Personnel;
- Shall disclose his/her concern or interest in any company or companies' bodies corporate, firms, or other association of individuals including his/her shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
- Such other requirements as may be prescribed, from time to time, under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other relevant laws.

4.1.4 The Nomination and Remuneration committee shall evaluate each individual with the objective of having a group that best enables the success of the Company's business.

4.2 Criteria of Independence

4.2.1 The Nomination and Remuneration Committee shall assess the independence of Director at the time of appointment/re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

4.2.2 The criteria of independence, as laid down in Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is as below:

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director-

- a. Who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b. (i) who is or was not a promoter of the company or its holding, subsidiary or associate company or Member of the Promoter Group of the Company;
(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- c. Who has or had no pecuniary relationship, other than sitting fees / remuneration as such director or having transaction not exceeding ten per cent of his/her total income or such amount as may be prescribed, with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the three immediately preceding financial years or during the current financial year;
- d. None of whose relatives ---
 - (i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the three immediately preceding financial years or during the current financial year of face value in excess of fifty lakh rupees or two percent of the paid-up capital of the company, its holding, subsidiary or associate company, respectively.
 - (ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the three immediately preceding financial years or during the current financial year;
 - (iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for an amount of fifty lakhs rupees, at any time during the three immediately preceding financial years or during the current financial year; or
 - (iv) has any other pecuniary relationship or transaction with the company, or its holding, subsidiary, or associate company, or their promoters, or directors amounting to two per cent. or more of its gross turnover or total income or fifty lakhs' rupees whichever is lower during the three immediately preceding financial years or during the current financial year

- e. Who, neither himself/herself nor any of his/her relatives –
- (i) Holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company or any company belonging to the Promoter group of the company in any of the three financial years immediately preceding the financial year in which he/she is proposed to be appointed;

"Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his/her employment during preceding three financial years."
 - (ii) Is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial in which he/she is proposed to be appointed, of—
 - (A) A firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - (B) Any legal or a consulting firm that has or had any transaction with the company its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
 - (iii) Holds together with his/her relative two per cent or more of the total voting power of the company; or
 - (iv) Is a Chief Executive or director, by whatever name called, of any non- profit organization that receives twenty-five per cent or more of its receipts or Corpus from the company, any of its promoter, directors or its holding, subsidiary or associate company or that holds two per cent or more of more of the total voting power of the company; or
 - (v) Is a material supplier, service provider or customer or a lessor or lessee of the company
- f. Shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research corporate governance, technical operations, corporate social responsibility or other disciplines related to the Company's business.
- g. Shall possess such other qualifications as may be prescribed, from time to time, under the Companies Act, 2013
- h. Who is not less than 21 years of age
- i. who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director.

4.2.3 The Independent Director shall abide by the "Code for Independent Directors" as specified in schedule IV to the Companies Act, 2013

4.3 Other directorship/committee memberships

4.3.1 The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorship in other listed public limited companies in such a way that it does not interfere with their role as directors of the Company.

The Nomination and Remuneration Committee shall take into account the nature of, and the time involved in a Director's service on other Boards, in evaluating the suitability of the individual Directors and making its recommendations to the Board.

4.3.2 A Director shall not serve as Director in more than 20 companies of which not more than 10 shall be Public Limited Companies and 7 Listed Company.

4.3.3 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 in any Listed Company.

4.3.4 A Director shall not be a member in more than 10 Committees or act as Chairman of more than 5 Committees across all companies in which he holds directorships. For the purpose of reckoning Limit of Directorship Dormant Co. (whether Pvt. Or Public) to be excluded.

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 Companies Act, 2013 shall be excluded.

*The policy was last amended in the board meeting held on August 25, 2021.
