

Nomination and Remuneration Policy – S.I. CAPITAL & FINANCIAL SERVICES LIMITED

Nomination and Remuneration Policy

Introduction

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the listing agreement as amended from time to time, this policy on the nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors on 10th March, 2015.

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement.

1. OBJECTIVE

The Objectives of the Policy are:

- 1.1. To guide the Board in relation to the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- 1.2. To evaluate the performance of the Directors, Key Managerial Personnel and Senior Management and provide necessary reports to the Board for their further evaluation.
- 1.3. To recommend the Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- 1.4. To provide to the Key Managerial Personnel and Senior Management, rewards linked directly to their effort, performance, dedication and achievement in relation to the Company's operations.
- 1.5. To attract, retain, motivate and promote talent and to ensure the long term sustainability of talented managerial persons and create a competitive advantage.
- 1.6. To devise a policy on Board diversity.
- 1.7. To develop a succession plan for the Board and to regularly review the plan.

2. DEFINITIONS

- 2.1. "Act" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 2.2. "Board" means Board of Directors of the Company.

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2.3. “Committee” means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.

2.4. “Policy or This Policy” means, the Nomination and Remuneration Policy.

2.5. “Company” means S.I. CAPITAL & FINANCIAL SERVICES LIMITED

2.6. “Directors” mean Directors of the Company.

2.7. “Independent Director” means a Director referred to in Section 149 (6) of the Companies Act, 2013.

2.8. “Key Managerial Personnel” means key managerial personnel of the Company as defined under Section 2(51) of the Companies Act, 2013 and the rules made thereunder.

2.9. “Senior Management” means personnel of the Company who are members of its core management team excluding the Board of Directors. It would comprise all members of management, one level below the executive Director(s), including the functional heads.

3. COMMITTEE

3.1. Composition of the Committee

3.1.1 The Company through its Board of Directors shall constitute the Nomination and Remuneration Committee consisting of at least three Directors, all of whom shall be nonexecutive Directors and at least half shall be independent.

3.1.2 The Chairman of the Committee shall be an Independent Director.

3.1.3 The Chairperson of the Company may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.

3.1.4 The Chairman of the Committee could be present at the Annual General Meeting, to answer the shareholders' queries. However, it would be up to the Chairman to decide who should answer the queries.

3.2. Role of the Committee

The Committee shall:

3.2.1. Formulate the criteria for determining the qualifications, positive attributes and independence of a Director.

3.2.2. Identify persons who are qualified to become Directors and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.

3.2.3. Recommend to the Board, the appointment and removal of Directors, KMP and Senior Management Personnel.

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3.2.4. Recommend to the Board a policy, relating to the remuneration of the Directors, key managerial personnel and other employees, based on their qualification, experience and performance and to also ensure that the level and composition of the remuneration is reasonable and sufficient to attract retain and motivate the Directors, KMP and Senior Management Personnel and such other factors as the Committee shall deem appropriate.

3.2.5. While formulating the policy, the Committee shall ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

3.2.6. Approve the remuneration of the senior management including key managerial personnel of the Company, by maintaining a balance between fixed and incentive pay reflecting the short term and long term performance objectives appropriate to the working of the Company and its goals.

3.2.7. Devise a policy on Board diversity, to ensure that the Board comprises of an optimum combination of executive Directors and non-executive Directors including Independent Directors.

3.2.8. Devise a framework to ensure that the Directors are inducted through suitable familiarization process covering their roles, responsibility and liability.

3.2.9. Formulate the criteria for evaluation of Independent Directors and the Board.

3.2.10. Carry out the evaluation of every Director's performance.

3.2.11. Assist the Board in ensuring that plans are in place for the orderly succession of appointments to the Board and to the senior management.

3.2.12. Consider any other matters as may be requested by the Board.

Provided that the Committee may 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.

3.3. Committee Member's Interests

3.3.1. A member of the Committee is not entitled to be present when his or her own remuneration is being discussed at a meeting or when his or her performance is being evaluated.

3.3.2. The Committee may invite such executives, as it considers appropriate, to be present at the meeting of the Committee.

3.4. Secretary

The Company Secretary of the Company shall act as the Secretary of the Committee.

3.5. Frequency of Meetings

The meetings of the Committee shall be held at such regular intervals as may be required.

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3.6. Voting

Matters arising for determination at Committee meetings shall be decided by the majority of the votes of the Members present and voting and any such decision shall for all purposes be deemed to be a decision of the Committee.

3.6.2. In case of equality of votes, the Chairman of the meeting will have a casting vote.

3.7. Minutes of Committee Meeting

Proceedings of all meetings must be entered in the minutes and signed by the Chairman of the Committee. Minutes of the Committee meeting will be tabled at the subsequent Board meeting.

4. POLICY RELATING TO APPOINTMENT, REMUNERATION AND REMOVAL OF DIRECTORS, KMP AND SENIOR MANAGEMENT

4.1. Appointment criteria and qualifications

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

b) A person should possess adequate qualification, expertise and experience for the position he / she is being considered for appointment. The Committee has discretion to decide whether the qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

e) Appointment of Independent Directors is subject to compliance of the provisions of Section 149 of the Companies Act, 2013, read with Schedule IV and the rules made thereunder for the time being in force.

f) A person shall not be eligible for appointment as a Director of the Company, if he is disqualified under section 164 of the Companies Act, 2013 or under any other regulations.

g) Appointment of KMP and Senior Management Personnel shall be in line with the HR policy of the Company.

4.2. Term / Tenure

a) Managing Director/Whole-time Director / Executive Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No reappointment shall be made earlier than one year before the expiry of the term.

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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 re-appointment on passing of a 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 the expiry of three years of ceasing to be an Independent Director. Provided that an Independent Director shall not, during the aforementioned 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 an Independent Director, it should be ensured that the 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 a person is serving as a Whole-time Director of a listed Company or such other number as may be prescribed under the Act

c) KMP / Senior Management Personnel:

The Company may in general not appoint or continue the employment of any person as KMP / Senior Management Personnel who has attained the age of retirement i.e. Fifty Eight (58) years. But at the discretion of the Top Management, the retirement age can be extended to Sixty (60) years, subject to competency & good health of the individual. Subsequently, subject to the same criteria of competency & good health, on a yearly basis of evaluation the retirement age can be extended to Sixty Five (65) years. The same criteria of competency & good health shall apply also for appointments upto the age of Sixty Five (65) years.

4.3. EVALUATION

The Committee shall carry out the evaluation of the performance of every Director, KMP and Senior Management Personnel at regular intervals (yearly). Following are the criteria for the evaluation of the performance of the Independent Directors and the Board:

4.3.1. DIRECTORS

a. Executive Directors / Whole-time Directors

The Executive Directors shall be evaluated on the basis of targets/ criteria given to them by the Board from time to time.

b. Independent Directors

The Independent Directors shall be evaluated on the basis of the following criteria i.e. whether they :

- a) Act objectively and constructively while exercising their duties;

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- b) Effectively deploy knowledge and expertise;
- c) Maintain confidentiality, integrity and independence in their behavior and judgment;
- d) Exercise their responsibilities in a bona fide manner in the interest of the Company;
- e) Devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- f) Do not abuse their position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- g) Refrain from any action that would lead to loss of his independence;
- h) Inform the Board immediately when they lose their independence;
- i) Assist the Company in implementing the best corporate governance practices;
- j) Strive to attend all meetings of the Board of Directors and the Committees;
- k) Participate constructively and active participation to discussions in the Board meetings and in the Committees of the Board in which they are chairpersons or members;
- l) Keep themselves well informed about the Company and the external environment in which it operates;
- m) Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between the management and the shareholder's interest.
- n) Abide by the Company's Memorandum and Articles of Association, Company's policies and procedures including code of conduct, insider trading guidelines etc.

c. Non-Independent Directors

The Non-Independent Directors shall be evaluated on the basis of the following criteria i.e. whether they:

- a) Act objectively and constructively while exercising their duties;
- b) Effectively deploy knowledge and expertise;
- c) Maintain confidentiality, integrity and independence in their behavior and judgment;
- d) Exercise their responsibilities in a bona fide manner in the interest of the Company;
- e) Devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- f) Do not abuse their position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- g) Assist the Company in implementing the best corporate governance practices;
- h) Strive to attend all meetings of the Board of Directors and the Committees;
- i) Participate constructively and active participation to discussions in the Board meetings and in the Committees of the Board in which they are chairpersons or members;
- j) Keep themselves well informed about the Company and the external environment in which it operates;
- k) Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between the management and the shareholder's interest.

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l) Abide by the Company's Memorandum and Articles of Association, Company's policies and procedures including code of conduct, insider trading guidelines etc.

4.3.2 KMP / Senior Management Personnel

The KMP / Senior Management Personnel shall be evaluated on the basis of the HR policy of the Company inclusive of the following criteria:

1. Individual Performance- Based on the Target (KPI's) set for him/her at the commencement of the performance year.
2. Organisation Performance- Based on the organisation performance target set at the commencement of the year.

4.4. REMOVAL

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

4.5. 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

4.6. REMUNERATION

4.6.1. General:

- a) The remuneration / compensation / commission etc. to the Director (Executive & NonExecutive), KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for their approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and the Central Government, wherever required.
- b) The remuneration and commission including increments, to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions specified as per the provisions of the Act.
- c) Where any insurance has been taken by the Company on behalf of its Whole-time Director, KMP and any other employees for indemnifying them against any liability, 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 proven to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

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4.6.2. REMUNERATION TO WHOLE-TIME / EXECUTIVE / MANAGING DIRECTOR

a) Remuneration

The Whole-time Director shall be eligible for remuneration as may be approved by the shareholders of the Company on the recommendation of the Committee and the Board of Directors. The break-up of the pay scale, performance bonus 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 shall be within the overall remuneration approved by the shareholders and the Central Government, wherever required.

b) Minimum remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its whole-time Director in accordance with the provisions of the Companies Act, 2013 and if it is not able to comply with such provisions, then with the previous approval of the Central Government.

4.6.3. REMUNERATION TO NON- EXECUTIVE / INDEPENDENT DIRECTOR:

a) Sitting Fees:

The Non-Executive / Independent Director may receive remuneration by way of fees for attending the meetings of the Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs.1,00,000/- (Rupees One Lakh) per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

b) Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

c) Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

4.6.4 REMUNERATION TO KMP & SENIOR MANAGEMENT PERSONNEL

The Remuneration to be paid to KMPs/ Senior Management Personnel shall be based on the experience, qualification and expertise of the related personnel and the prevailing market standards. The KMP and the Senior Management Personnel of the Company shall be paid monthly remuneration as per the Company's HR policies and/or as may be approved by the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses etc. shall be as per the Company's HR policy. The remuneration details shall be presented before the Committee, which would have the requisite details setting out the proposed increments for the next financial year. The Committee shall peruse and forward the same to the Board of Directors of the

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Company for their approval. This remuneration policy shall apply to all future/ continuing employment/ engagement(s) with the Company. In other respects, the remuneration policy shall be of guidance for the Board. Any departure from the policy shall be recorded and reasoned in the Committee and Board meeting minutes.

4.7. BOARD DIVERSITY

The Board of Directors shall have the optimum combination of Directors from different areas / fields like management, finance, sales, marketing, legal etc. or as may be considered appropriate. The Board shall have at least one Board member who has accounting or related financial management expertise and at least three members who are financially literate.

4.8. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

a) The Company shall familiarize the Independent Directors 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. through various programmes.

b) The details of such familiarization programmes shall be disclosed on the Company's website and a web link thereto shall also be given in the Annual Report

5. DISSEMINATION

The details of the policy and the evaluation criteria shall be disclosed in the annual report as part of Board's report therein.

6. AMENDMENT TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of the 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(s), circular(s) etc.
