

Stock Holding Corporation of India Limited
Nomination and Remuneration Committee Policy

Version History

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Version 1.7

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Nomination and Remuneration Policy

I. INTRODUCTION

StockHolding considers human resources as invaluable assets. This policy on Nomination and Remuneration of Directors, KMP and other employees have been formulated in terms of Companies Act, 2013 to pay equitable remuneration to Directors, KMPs, Senior Management Personnel & other employees of the Corporation and to channelize the association of human resources consistent with the goals of the Corporation.

A. DEFINITIONS:

1. **'Board'** means Board of Directors of the Company.
2. **'Director'** means Directors of the Company.
3. **'Committee'** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
4. **'Company'** means Stock Holding Corporation of India Limited (StockHolding).
5. **'Independent Director'** means a director referred to in Section 149 (6) of the Companies Act, 2013.
6. **'Key Managerial Personnel'** (KMP) means
 - Chief Executive Officer or Managing Director;
 - Whole-Time Director;
 - Company Secretary;
 - Chief Financial Officer;
 - 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
 - Such other officer as may be prescribed under the applicable statutory provisions / regulations.
7. **'Senior Management Personnel'** mean personnel of the Company who are members of its core management team excluding the Board of Directors comprising all members of management one level below the MD & CEO / WTD, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time, shall have the meaning respectively assigned to them therein.

B. Applicability

The Policy is applicable to

1. Directors (Executive and Non-Executive)
2. Key Managerial Personnel
3. Senior Management Personnel and other employees

C. Effective date:

This policy is effective since January 22, 2015.

D. Objectives & purpose of the policy:

1. To formulate the criteria for determining the qualification, competencies and independence for appointment of a Director (Executive & Non Executive) and recommend to the Board policies relating to remuneration of the Director, KMP, Senior Management and other employees
2. To identify persons who are qualified to become Directors (Executive and Non-Executive), Key Managerial Personnel and persons who may be appointed in Senior Management (at one level below the MD & CEO / Whole-Time Director (WTD)).
3. To layout remuneration principles for employees linked to their efforts, performance & achievements relating to corporation's goals. To determine remuneration based on performance, Company's size, financial position, trends and practices on remuneration prevailing in the corporate sector, etc. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons
4. To 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. This is in line with the requirement under the Companies Act, 2013.
5. To devise a policy on Board diversity.
6. Establishing and reviewing Board and Sr. Executive succession planning in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Sr. Management.
7. Make recommendations to the Board on appropriate performance criteria for the Directors. Formulate criteria and framework for evaluation of performance of every Director of the Board of the Corporation.

8. Identify ongoing training and education program for the Director to ensure that non-Executive Directors are provided with adequate information regarding the business, industry and their legal responsibilities and duties.
9. The Committee to assist the Board in ensuring Board nomination process with the diversity of gender, experience, knowledge and perspective in the Board in accordance with the Board.

E. Constitution and composition of Nomination and Remuneration Committee (NRC):

The Board has constituted the NRC of the Board on June 21, 2014. The Committee shall comprise of three or more non-executive directors out of which not less than one-half shall be independent directors. The Chairman of the Company can be a member of the Committee but cannot chair the committee. The Board has the power to reconstitute the Committee from time to time consistent with the applicable statutory requirement.

II. Matters to be dealt with / perused and recommended by the NRC to the Board

The NRC shall:

1. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
2. Recommend the appointment of persons who may be appointed as Directors, Key Managerial and Senior Management position (at one level below the MD & CEO / WTD) in accordance with the criteria laid down in this policy.
3. Recommend to the Board the remuneration payable to KMP, Senior Management Personnel and other employees.
4. Recommend to the Board remuneration, if any, payable to the Directors.

III. Appointment and nomination of Directors, KMP and Senior Management Personnel

a. Appointment criteria and qualifications

1. The Committee shall identify and ascertain that the person possesses requisite integrity, qualification, expertise and experience for appointment as Director, KMP or at Senior Management position (at one level below the MD & CEO / WTD). The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient /

satisfactory for the concerned position and recommend to the Board his / her appointment.

2. Independent Director must comply with the criteria given under Section 149 of the Companies Act, 2013 and other applicable statutory provisions.
3. A Director shall not attract any disqualification as prescribed under Section 164 of the Companies Act, 2013 or any other statutory provision as applicable.
4. Every Whole time Director, KMP and Sr. Management Personnel shall be appointed / designated by means of a resolution.

b. Term / Tenure of MD & CEO / WTD and Independent Director

1. Managing Director & CEO/ WTD

The Company shall appoint or re-appoint any person as its Managing Director & CEO or WTD 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.

2. Independent Director

- i. 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 special resolution by the Company and disclosure of such appointment in the Board's report.
- ii. 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.

c. Evaluation

To 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.

d. Retirement

The MD / CEO / WTD, KMP and Senior Management Personnel and other employees shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company.

IV. Remuneration to Directors, KMP and Senior Management Personnel

A. Remuneration to Managing Director & CEO / WTD

1. Every Wholetime KMP (i.e. MD & CEO, Company Secretary & Chief Financial Officer) shall be appointed by means of a resolution of the Board conferring the terms and conditions of the appointment including the remuneration based on expertise, experience, qualification and other attributes. The remuneration payable shall be in accordance with the provisions of Articles of Association of the Company and Companies Act, 2013, and the rules made thereunder.
2. The remuneration payable to Directors including MD & CEO / WTD is subject to the approval of the Board, Shareholders of the Company and Central Government, wherever required as per the provisions of the Companies Act, 2013, and the rules made thereunder.
3. Where any insurance is taken by the Company on behalf of its Directors including Managing Director & CEO / WTD, Chief Financial Officer, the Company Secretary 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 proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
4. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director & CEO / Whole-time Directors in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.
5. If any Managing Director & CEO / WTD 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 prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

B. Remuneration to Non- Executive / Independent Director

Sitting Fees

The Non- Executive / Independent Director may receive sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of sitting fees shall not exceed Rupees One Lakh per meeting of the Board or Committee or such amount as may be prescribed in the Companies Act, 2013 as amended from time to time.

C. Remuneration to KMP, Senior Management Personnel and other employees

The remuneration payable to KMP, Senior Management Personnel and other employees shall be as per industry standards. The Committee shall recommend to the Board, the remuneration payable to the KMP, Senior Management Personnel and other employees.

The components of the total remuneration would vary for different grades and will be governed by factors like industry pattern, qualification & experience / merits, performance, etc.

V. Disclosure of the Policy

The policy shall be placed on the website of the Company and salient features of the policy and the changes therein, if any, alongwith the web address of the policy, if any shall be disclosed in the Board's report