ANNEXURE A

Nomination and Remuneration Policy

SHCIL SERVICES LIMITED

Version no.	2.0
Recommended by	NRC
Approved by	Board of Directors

Table of Contents

Part A

No.	Particulars
a.	Introduction
b.	Objective
c.	Definitions
d.	Applicability
e.	Effective Date
f.	Nomination and Remuneration Committee (NRC-B)
g.	Nomination Duties

Part B

h.	Key principles of Compensation
i.	Composition of the Board
J.	Criteria to be considered while appointing Director, KMP and Senior Management Personnel

Part C

k.	Remuneration – Executive Directors, Key Managerial Person, Senior Management Personnel and other employees

Part D

l.	Remuneration –Non Executive Directors

Part E

m.	Evaluation of the performance of the Board

Part A

a. Introduction

In pursuance of the Company's policy to attract, motivate and retain manpower in the Competitive market, and in terms of the provisions of the Section 178 of the Companies Act, 2013 and clause 49 of the Listing Agreement, this policy on nomination, remuneration and evaluation of Directors, Key Managerial Personnel and other employees has been formulated and put in place.

b. Objective

The Objectives of the Policy are:

- Guide to the Board the on setup and composition of the Board. This shall include *"Formulation of the criteria for determining qualifications, positive attributes and independence of a director"*. The committee will consider periodically reviewing the composition of the Board with the objective of achieving an optimum balance of size, skills, independence, knowledge, age, gender and experience.
- Recommend to the Board the appointment or reappointment & removal of directors.
- Devise a policy on Board diversity.
- Recommend to the Board appointment and removal of Key Managerial Personnel ("KMP" as defined by the Act) and executive team members of the company (as defined by this committee).
- Support the Board and IDs in evaluation of the performance of the Board, its committees and individual directors. This shall include *"Formulation of criteria for evaluation of Independent Directors and the Board"*. Additionally, the committee may also oversee the performance review process of the KMP and the executive team of the company.
- Recommend to the Board the remuneration policy for directors, executive team/KMP as well as the rest of the employees.
- On an annual basis, recommend to the Board the remuneration payable to directors and executive team/KMP of the company.
- Oversee familiarization programmes for directors.
- Oversee the HR philosophy, HR and People strategy and HR practices including those for leadership development, rewards and recognition, talent management and succession planning (specifically for Board, KMP and executive team) and regularly review the plan.

c. Definitions:

1. **'Act'** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

2. **'Board'** means Board of Directors of the Company.

3. **'Director'** means Directors of the Company.

4. **'Committee'** means Nomination and Remuneration Committee of the Board of the Company as constituted or reconstituted by the Board.

5. **'Company'** means SHCIL Services Limited (SSL).

6. **'Independent Director'** means a director referred to in Section 149 (6) of the Companies Act, 2013.

7. **'Key Managerial Personnel'** (KMP) means-
   (i) Chief Executive Officer or Managing Director or Manager;
   (ii) Whole-Time Director;
   (ii) Company Secretary;
   (iii) Chief Financial Officer;
   (iv) Such other officer as may be prescribed under the applicable statutory provisions / regulations.

8. **'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 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 Companies Act, 2013 as may be amended from time to time, shall have the meaning respectively assigned to them therein.

d. Applicability:

The Policy is applicable to

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

e. Effective Date:

This policy shall be effective from the date of approval by the Board.

f. Nomination & Remuneration Committee-Board (NRC-B):

The Committee shall comprise of three or more nonexecutive 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 consistent with the applicable statutory requirement. The policy shall be disclosed in the Directors' Report.

1. Membership

i. The Committee shall consist of a minimum 3 non-executive directors, not less than 50% of them being independent.
ii. Minimum two (2) members shall constitute a quorum for the Committee meeting.
iii. Membership of the Committee will be reported in the Annual Report.
iv. Term of the Committee shall be continued unless terminated by the Board of Directors.

2. Chairman

i. Chairman of the Committee shall be an Independent Director.
ii. Chairperson of the Company may be appointed as a member of the Committee but shall not be Chairman of the Committee.
iii. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
iv. Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

3. Frequency of Meetings

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

4. Committee Members' Interests

i. 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.
ii. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

5. Secretary

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

6. Voting

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

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

g. Nomination Duties

The duties of the Committee in relation to nomination matters include:

1. Ensuring that there is an appropriate induction & training programme in place for new Directors and members of Senior Management and reviewing its effectiveness;
2. Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Companies Act, 2013;
3. It is the responsibility of the Committee to make recommendation to the Board in relation to appointment of new Directors and setting a formal and transparent procedure for selecting new Directors for appointment to the Board and also recommending Directors who are to be put forward for retirement by rotation;
4. It is the responsibility of the Committee to devise the competitive requirement of the Board based on industry and strategy of the Company and determining the appropriate size, diversity and composition of the Board.
5. Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
6. Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
7. Making 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 as an employee of the Company subject to the provision of the law and their service contract.
8. The Committee will ensure the effective familiarisation programme for the new Directors.
9. The Chairman of the Committee would convene an annual meeting of Independent Directors to review the performance of Non Independent Directors and Chairperson and Board as whole of the Company taking into account the views of the Executive and Non Executive Directors.
10. Delegating any of its powers to one or more of its members or the Secretary of the Committee;
11. Recommend any necessary changes to the Board.
12. Considering any other matters as may be requested by the Board

Part B

h. Key Principles of Compensation:

Key principles of compensation

a) Attract and Retain: Remuneration packages shall be designed to attract high-caliber executives in a competitive global market and remunerate executives fairly and responsibly having regard to the Company's financial health, growth plans as well as the dynamics of market conditions. The remuneration shall be competitive and based on the individual responsibilities and performance.

b) Motivate and Reward: Remuneration shall be designed to motivate delivery of the Company's key business strategies, create a strong performance –orientated environment and reward achievement of meaningful targets over the short-and long –term.

c) Non-Monetary Benefits: The Executives, depending upon the grade, will be entitled to non-monetary benefits such as company medi-claim, Terms Insurance, news paper, mobile, telephone expenses reimbursement etc. as per approved policy.

i. Composition of Board

The Committee shall ensure a transparent Board composition and nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board. It ensures that the Board is of right size and has a knowledge, experience and skill that are necessary for achieving the vision of the Company.

j. Criteria to be considered while recommending appointment of Directors, KMPs and Senior Management Personnel

The Nomination and Remuneration Committee shall consider, inter alia, following factors in determining the qualification, positive attributes, integrity, etc. while recommending the appointment of Directors, KMPs and Senior Management Personnel:

1. The overall experience of the Directors, KMP and Senior Management Personnel in the relevant field of their expertise including experience in relevant field/industry;

2. Academic records/background, educational qualifications, including specialized qualification in relevant areas like business /corporate Management, finance, marketing, risk, compliance, legal, etc;

3. Background, experience and the field of his/her work/specialization;

4. Any other relevant professional qualification and experience.

5. Fit and Proper person without any disqualification under any extant applicable Laws/Regulations.

6. A Director shall not attract any disqualification as prescribed under Section 164 of the Companies Act, 2013 or any other statutory provision as applicable.

Independent Directors

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;
(*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 with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;

(*d*) none of whose relatives has or had pecuniary relationship or transaction with the company, 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 lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;

(*e*) who, neither himself nor any of his 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 in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

(*ii*) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he 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 relatives 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 nonprofit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company; or

(*f*) who possesses such other qualifications as may be prescribed.

Part C

k. Remuneration – Executive Directors, Key Managerial Person, Senior Management Personnel and Other Employees

Compensation /Remuneration for Executives (including the Managing Director & Chief Executive Officer, Executive Director, Key Managerial Personnel (KMP) and other Executives and Employees) of the Company is determined as per the Salary Structure in force and as amended from time to time. Such Salary Structure, and as updated /amended from time to time, shall be deemed to be part of and incorporated into this Policy. The Executive Remuneration is evaluated annually against performance and a bench mark of companies in the same industry. The remuneration structure *inter-alia* hinges on the following:

1. The remuneration payable to Key Managerial Personnel, Senior Management Personnel and other employees shall be as per industry standards and as per the salary structure in force and as amended from time to time.

2. The Committee may consult the Human Wealth Department (HWD) of the Company while recommending the remuneration payable to the Key Managerial Personnel, Senior Management Personnel and other employees.

3. The Committee shall recommend to the Board the remuneration payable to the Managing Director & CEO / Executive Directors, Key Managerial Personnel (KMP) and Senior Management Personnel.

4. Every Whole Time KMP (i.e. MD & CEO, Company Secretary & Chief Financial Officer) shall be appointed by means of a resolution of the Board specifying the terms and conditions of the appointment including the remuneration based on expertise, experience, qualification and other personal attributes.

5. The remuneration payable to Directors 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.

6. The remuneration payable to Managing Director & CEO /Executive Director shall be in accordance with the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules made thereunder.

7. Where any insurance is taken by the Company on behalf of its Managing Director & CEO/ Executive Director, 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.

8. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director/ Executive 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 prior approval of the Central Government.

9. If any Managing Director/Executive Director 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, holds it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

10. Variable Pay for Performance - Over and above the fixed compensation individuals may be rewarded with annual /periodic bonus linked to performance.

    The Committee may also recommend the performance linked incentive to the executives of Sales and Business Development Department at percentage higher than the other executives.

11. Learning & Development – The Company may invest in providing the best of learning and development opportunities for each individual to enable them to enhance their skills and knowledge.

12. The remuneration and other terms of the Key Managerial Personnel /other employees shall also be subject to terms and conditions as specified in their respective letter of appointment or as may be decided by the Board from time to time.

13. The components of the total remuneration of other employees other than KMPs would be grade specific and would be governed by HR policy of the Company.

14. KMPs will be entitled to all benefits, pecuniary and non-pecuniary facilities and other perquisites as may be applicable from time to time in SSL to officials in the respective Grade.

15. Car facilities to the employee of SSL in the grade of AVP and above as follows for official use :

AVP- Hyundai Grand i10 or any other equivalent car in the same price range.

Vice President – Hyundai Excent or any other equivalent car in the same price range.

Sr. VP & above – Hyundai Elantra or any other equivalent car in the same price range.

Repairs and maintenance expenses of the cars shall be borne by the Company.

Part D

1. Remuneration to Non- Executive / Independent Director

Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof as approved by the Board.

Provided that the amount of such fees shall not exceed Rupees One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

Part E

m. Evaluation of the performance of the Board

1. It is the responsibility of the Committee to organise the evaluation process and formulate the criteria for evaluation of Independent Directors and the Board

2. The Chairman of the Committee would convene an annual meeting of Independent Directors to review the performance of the Board as a whole. In the same meeting Independent Directors will also review the performance of Non Independent Directors and Chairperson. After the annual meeting of Independent Directors, the feedback of the meeting on the performance of the Board as a whole will be discussed by the Chairman of the Committee with the Chairman of the Board.

3. The performance evaluation of the Independent Directors shall be done by the Board of Directors excluding the Director being evaluated.

4. The committee may also oversee the performance review process of the KMP and the executive team of the Company.

Amendments and Review

This Policy is subject to review by the Nomination and Remuneration Committee once in two years or earlier, if necessary or required.