



## **NOMINATION AND REMUNERATION POLICY**

### **STOCKHOLDING DOCUMENT MANAGEMENT SERVICES LIMITED**

*Recommended by* : *Nomination and Remuneration Committee*

*Approved by* : *Board of StockHolding Document Management Services Limited (Formerly known as SHCIL Projects Limited)*

*Effective* : *January 14, 2015*

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## **NOMINATION AND REMUNERATION POLICY**

### **I. INTRODUCTION**

#### **A. 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 Company as constituted or reconstituted by the Board.
5. **'Company'** means StockHolding Document Management Services Limited (Formerly known as SHCIL Projects Limited) (StockHolding DMS)
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 MD & CEO/ Whole time Director (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 shall be effective from January 14, 2015.

## **D. OBJECTIVES:**

The objectives of policy are:

1. 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 / WTD).
2. To determine remuneration based on performance, Company's size, financial position, trends and practices on remuneration prevailing in the corporate sector etc.
3. To carry out evaluation of the performance of Directors.
4. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons.

## **E. NRC-B:**

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 consistent with the applicable statutory requirement.

## **II. MATTERS TO BE DEALT WITH AND RECOMMENDED BY THE NRC-B TO THE BOARD**

The NRC-B shall:

1. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
2. Identify persons who are qualified to become Directors and persons who may be appointed in 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 appointment of Director, KMP and Senior Management Personnel.
4. Evaluate the performance of the Directors and recommend their remuneration.

## **III. APPOINTMENT AND NOMINATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL**

### **a. Appointment criteria and qualifications**

1. The Committee to examine that the person possesses requisite 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.
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.

## **b. Term / Tenure**

### **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.

### **3. Evaluation**

The Committee shall carry out evaluation of performance of every Director on a half yearly basis.

### **4. Retirement**

The Director, 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, KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES**

##### **A. Remuneration to Managing Director & CEO / WTD**

1. The Committee shall recommend to the Board the remuneration payable to the Managing Director & CEO / Executive Director, Key Managerial Personnel (KMP) and Senior Management Personnel (at one level below the MD & CEO / Executive Director).
2. Every Whole time 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.
3. 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.
4. The remuneration payable to Managing Director & CEO / Executive Director shall be in accordance with the Article of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules made thereunder.
5. 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.
6. 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 Director 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.
7. 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, 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 by the Central Government from time to time.

## **C. Remuneration to Key Managerial Personnel, Senior Management Personnel and other employees**

The remuneration payable to Key Managerial Personnel, Senior Management Personnel and other employees shall be as per industry standards. The Committee shall, in consultation with the Human Resource department of the Company, decide remuneration payable to the Key Managerial Personnel, Senior Management Personnel and other employees.

## **D. Remuneration to employees**

The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience / merits, performance of each employee etc.