

## **Nomination and Remuneration Policy**

The Nomination and Remuneration Policy of STCI Primary Dealer Limited (“the Company”) has been prepared in accordance with the requirements of the Companies Act, 2013, (“Act”) read along with the rules thereto, if any applicable. The Nomination and Remuneration Committee has been formed in line with the requirements of the Companies Act, 2013 read along with the rules thereto and as stipulated by the Reserve Bank of India (RBI) for NBFC’s.

### **1. OBJECTIVE**

The Key Objectives of the Committee would be:

- a) to guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management
- b) to evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board
- c) to recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management

### **2. DEFINITIONS**

#### **(a) Key Managerial Personnel**

Key Managerial Personnel means—

- (i) Chief Executive Officer or the Managing Director or the Manager
- (ii) Deputy Managing Director, if any
- (iii) Whole-time Director, if any
- (iv) Chief Financial Officer
- (v) Company secretary
- (vi) Such other officer as may be prescribed

#### **(b) Senior Management**

Senior Management means 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 all functional heads.

### **3. MEMBERSHIP**

- a) The Committee shall consist of minimum three (3) or more non-executive directors, majority of them being independent
- b) Minimum two (2) members shall constitute a quorum for the Committee meeting

#### **4. CHAIRPERSON**

- a) Chairperson of the Committee shall be an Independent Director.
- b) Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairperson of the Committee.
- c) In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

#### **5. ROLE OF COMMITTEE**

The role of the Committee inter alia will be the following:

- a) to identify persons who are qualified to become Directors and who may be appointed in Senior Management and recommend to the Board their appointment
- b) to recommend removal of Director(s) and/or Senior Management personnel, if considered appropriate
- c) to formulate a criteria for determining qualifications, positive attributes and Independence of a Director
- d) to recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and Senior Management employees
- e) to recommend to the Board the appointment and removal of Senior Management
- f) to carry out evaluation of Director's performance and recommend to the Board appointment /removal based on his/her performance
- g) to ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks
- h) to devise a policy on Board diversity
- i) to develop a succession plan for the Board and to regularly review the plan
- j) to review the HR Policies, Manuals, timely review of salary structure, PLVP structure and scheme to adhere to the industry practice
- k) Any other matter, as required to be performed under the Act or as may be delegated by the Board of Directors

#### **6. FREQUENCY OF MEETINGS**

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

#### **7. COMMITTEE MEMBERS INTERESTS**

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

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

## **8. FIT AND PROPER CRITERIA**

The Board of Directors plays a key role for the Company and the importance of due diligence of Directors to ascertain suitability for the post by way of qualifications, technical expertise, track record, integrity, etc. needs no emphasis for any financial institution. In order to ascertain the suitability of a person to be appointed/re-appointed as a Director, the Fit and Proper criteria as laid out for the selection of the Director shall be followed.

- The Nomination and Remuneration Committee of the Company shall undertake a process of due diligence to determine the suitability of the person for appointment/re-appointment as a Director on the Board, based upon various criteria like qualification, expertise, track record, integrity, etc.
- The Nomination and Remuneration shall obtain and scrutinize declaration and undertaking from the Director, proposed to be appointed, giving additional information on the Directors, in the RBI prescribed format.
- The Nomination and Remuneration shall obtain an executed Deed of Covenant as prescribed by RBI.
- The Nomination and Remuneration shall obtain from Directors either annual declaration stating that the information already provided has not undergone change and where there is any change, requisite details are furnished by them forthwith or an updated declaration and undertaking from the Directors in the RBI prescribed format.

## **9. DUTIES OF COMMITTEE**

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

- Ensuring that there is an appropriate induction & training programme in place for new Directors and members of Senior Management and reviewing its effectiveness
- Ensure that the Directors meet the “Fit and Proper” criteria at the time of appointment / re-appointment of Directors.
- 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
- Ensure that the person considered for appointment/re-appointment as a Director is not disqualified to act as Director under applicable law.

- Identifying and recommending Directors who are to be put forward for retirement by rotation
- Determining the appropriate size, diversity and composition of the Board
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective
- Recommending to the Board any matters pertaining to the office of Director including but not limited to appointment, termination, etc.
- Recommending to the Board the termination of service of an Executive Director as an employee of the Company subject to the provision of the law and the service contract, if any
- Recommend any necessary changes to the Board, as and when required
- Considering any other matters as may be requested by the Board
- to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board
- to approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company
- to delegate any of its powers to one or more of its members of the Committee
- to consider any other matters as may be requested by the Board
- Professional indemnity and liability insurance for Directors and senior management
- Any other matter, as required under the Act or as may be delegated by the Board of Directors

## **9. MINUTES OF COMMITTEE MEETING**

- Proceedings of all meetings shall be minuted and signed by the Chairperson of the Committee at the subsequent meeting. Minutes of the Committee meetings shall be tabled at the Board and Committee meeting.