

## **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), Senior Management Personnel 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 SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 as amended from time to time this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management Personnel has been formulated by the Committee and approved by the Board of Directors.

### **Objective and purpose of the Policy:**

The objective and purpose of this policy are:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the industry.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage. In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors.

### **Effective Date:**

This policy shall be effective from May 29<sup>th</sup>, 2017.

**Definitions:**

- Board means Board of Directors of the Company.
- Directors mean Directors of the Company.
- Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- Company means Superior Finlease Limited.
- Independent Director means a director referred to in Section 149 (6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.
- Key Managerial Personnel (KMP) means-
  - (i) Managing Director or Whole-time Director or Executive Director
  - (ii) Chief Financial Officer;
  - (iii) Company Secretary;
  - (iv) Such other officer as may be prescribed under the applicable statutory provisions/regulations.
- Senior Management Personnel for the purpose of Remuneration Policy means employee/s of the Company occupying the position in the highest grade/designation and above and shall also include all Functional Heads of the Company. 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.

**Applicability****The Policy is applicable to**

- Directors (Executive and Non Executive)
- Key Managerial Personnel
- Senior Management Personnel

**General**

- This Policy is divided in three parts: Part – A covers the matters to be dealt with and recommended by the Committee to the Board, Part – B covers the appointment and nomination and Part – C covers remuneration and perquisites etc.
- The key features of this Company's policy shall be included in the Board's Report.

## PART – A

### MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE

#### The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.
- Shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- Shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- Shall ensure that—
  - (a) the level and composition of remuneration is reasonable and sufficient to attract ,retain and motivate directors of the quality required to run the company successfully;
  - (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

## PART – B

### POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

#### • Appointment criteria and qualifications:

1. 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 recommend to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

3. The Company shall appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years subject to the company obtaining necessary approvals from shareholders and other regulatory authorities.

- **Term / Tenure:**

- 1. Managing Director/Whole-time Director/Executive Director:**

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

- 2. 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 special 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 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.

An Independent Director shall not serve as an Independent Director in more than seven listed companies and a Managing Director/Whole-time/Executive Director cannot act as an Independent Director in more than three listed companies.

- **Evaluation:**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel and Functional Heads as and when necessary and advise on the remuneration payable to them on yearly basis.

- **Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the internal HR policy and provisions and compliance of the Act and other applicable, rules and regulations.

The Committee can also recommend to the Board, the removal of any person for non compliance or violation of any rules laid down in the Code of Conduct and Ethics applicable to senior management and Board of Directors.

- **Retirement:**

The KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Committee shall recommend to the Board and its discretion to retain the KMP and Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## PART – C

### **POLICY RELATING TO THE REMUNERATION FOR THE MANAGING DIRECTOR/WHOLE-TIME DIRECTOR/EXECUTIVE DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL**

#### • **General:**

1. The remuneration / compensation / commission etc. to the Whole-time Director, Managing Director, Executive Director and KMP will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
2. The remuneration and commission to be paid to the Managing Director/Whole-time Director/Executive Director shall be in accordance with the overall limits as percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the Schedule V and other applicable rules made thereunder.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managing Director/Whole-time Director/Executive Director.
4. Where any insurance is taken by the Company on behalf of its Managing Director/Whole-time Director/Executive Director, Chief Executive Officer, 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.

#### • ***Remuneration to Whole-time / Executive / Managing Director***

##### **1. Fixed pay**

The Managing Director/Whole-time Director/Executive Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break up of the pay scale and quantum of perquisites including, employer's contribution to pension scheme, medical expenses, LTA, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

##### **2. Performance Based Remuneration**

In addition to fixed remuneration the Company will implement a system of performance linked designed to create a strong relationship between performance and remuneration. Performance based incentive will be linked to specific performance targets which will disclosed to relevant employees regularly.

The Nomination and Remuneration Committee will conduct annual performance appraisals for Managing/Whole Time Director/Executive Director and recommend to the Board for any variation in the salary within the limits approved by the shareholders.

### **3. Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director/Whole-time 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.

### **4. Provisions for excess remuneration:**

If any Managing Director/Whole-time 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.

#### **• Remuneration to Non- Executive / Independent Director:**

##### **1. Remuneration / Commission:**

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder.

##### **2. Sitting Fees:**

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

Provided that the amount of such fees shall not exceed the amount approved by the Board of Directors subject to the upper limit of Rs. One Lakh per meeting or such amount as may be prescribed by the Central Government from time to time.

##### **3. 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 Companies Act, 2013.

##### **4. Stock Options:**

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

##### **5. Level & Composition of remuneration:**

The Committee shall ensure that level and composition of remuneration is reasonable and sufficient to attract, retain and motivate non-executive directors of the quality required to run the company successfully

#### **• Remuneration to KMP and Senior Management Personnel:**

##### **1. Fixed pay:**

The KMP and Senior Management Personnel shall be eligible for a monthly remuneration as approved by Remuneration Committee. The break up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, LTA, other perquisites, club fees etc. shall be decided and approved by the Committee.

## **2. Performance Based Remuneration**

In addition to fixed remuneration the Company will implement a system of performance linked pay/incentive designed to create a strong relationship between performance and remuneration. Performance based incentive will be linked to specific performance targets which will be disclosed to relevant employees regularly.

The Nomination and Remuneration Committee will conduct annual performance appraisals for all Employees to monitor and review the appropriateness of each remuneration package.

## **Human Resources**

The Human resources division of the company will monitor the day to day compliance with this policy.

## **PART –D**

The Committee shall be responsible

- a) To devise a policy on board diversity.
- b) To review and assesses the composition of the Board of Directors and recommend the appointment of new Directors and also oversee the conduct of the annual review of Board effectiveness.

### **Evaluation of Directors:**

The Committee shall evaluate the performance of each Director. The Chairperson of the Committee will prepare report of evaluation of each Director of the Company and the report will be submitted to the Committee for discussion in its meeting. After the Committee has finalised the evaluation report, the Chairperson of the Committee will submit the evaluation report to Chairperson of the Board.

### **Nomination & Remuneration Committee**

The Nomination & Remuneration Committee is responsible for the monitoring, implementation and review of this policy. The Nomination & Remuneration Committee shall provide recommendations as and when it deems necessary to the Board as to how to effectively structure and make changes as and when required to facilitate a remuneration strategy, which will meet the needs of the Company.

### **Conflict of law clause:**

Any provision in this policy, in so far as it is inconsistent or contradictory with the provisions of law and/ or any statutory enactments shall, to the extent of such inconsistency, be void and the provisions of law/ statutory enactment shall prevail.