

STANROSE MAFATLAL

INVESTMENTS AND FINANCE LIMITED

NOMINATION & REMUNERATION POLICY

In accordance with the provisions of the Companies Act, 2013 (2013 Act) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations), the Board had constituted the Nomination and Remuneration Committee ("the Committee) on 2nd August, 2014.

1. OBJECTIVE

The key objectives of the policy are to ensure:

- a) formulating the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a director (Executive/Non-executive/Independent) of the Company.
- b) 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.
- c) relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- d) 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.

2. DEFINITIONS

- a. "2013 Act" means the Companies Act, 2013.
- b. "Board of Directors" or "Board" or means the collective body of the Directors of the Company.
- c. "Chief Executive Officer" (CEO) means Chief Executive Officer as defined under Section 2(18) of 2013 Act.

- d. **“Chief Financial Officer” (CFO)** means Chief Financial Officer as defined under Section 2(19) of 2013 Act.
- e. **“Company Secretary” (CS)** means a Company Secretary as defined in Section 2(24) of 2013 Act.
- f. **“Director”** means a director appointed to the Board of a Company.
- g. **“Executive Director”** means a whole time director as defined in section 2(94) of 2013 Act.
- h. **“Key Managerial Personnel”** means-
 - i. Chief Executive Officer or the Managing Director or the Manager;
 - ii. Company Secretary;
 - iii. Whole-time director;
 - iv. Chief Financial Officer;
 - v. 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
 - vi. such other officer as may be prescribed.
- i. **“Managing Director”** means a Managing Director as defined in Section 2(54) of 2013 Act.
- j. **“Manager”** means a Manager as defined in Section 2(53) of 2013 Act.
- k. **“Nomination and Remuneration Committee”** (“the Committee”) means a Committee of Board of the Company, constituted in accordance with the provisions of Section 178 of the 2013 Act and LODR Regulations.
- l. **“Senior Management”** shall mean officers / personnel of the company who are members of its core management team excluding Board of Directors and shall comprise all members of management one level below the Chief Executive Officer / Managing Director / Whole time Director / Manager (including Chief Executive Officer / Manager, in case they are not part of the board) and shall include Company Secretary and Chief Financial Officer.
- m. **“Whole-Time Director”** (‘WTD’) means a Whole-Time Director as defined in section 2(94) of 2013 Act.

All capitalized terms used in this Policy but not defined herein shall have the meaning ascribed to such term in 2013 Act and the Rules framed thereunder or in the LODR Regulations, as amended from time to time.

3. ROLE OF THE COMMITTEE

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

- a) to formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- b) to recommend to the Board on policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- c) formulation of criteria for evaluation of performance of Independent Directors and the board.
- d) to determine whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
- e) to make 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.
- f) identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- g) ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- h) recommend to the Board, all remuneration, in whatever form, payable to senior management.
- i) 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.
- j) determining the appropriate size, diversity and composition of the Board and to devise a policy on Board diversity
- k) to assist the Board in ensuring that succession plans are in place

for appointment to the Board.

- l) ensuring that there is an appropriate induction & training programme in place for new Directors and reviewing its effectiveness;

4. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

A. Appointment criteria and qualifications

- a) The Committee shall ascertain the integrity, qualification, expertise and experience of the person identified for appointment as Director, KMP or Senior Management and recommend to the Board his/her appointment.
- b) For every appointment of an Independent Director, the Committee shall in addition to above criteria, evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended for such role shall meet the description.

For the purpose of identifying suitable candidates, the Committee may:

- i. use the services of external agencies, if required
 - ii. consider candidates from a wide range of backgrounds, having due regard to diversity and
 - iii. consider the time commitments of the candidates.
- c) A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of the Company.
 - d) The Company shall ensure that approval of shareholders for appointment of a person on the Board is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier.
 - e) The Company shall ensure the appointment, re-appointment or removal of an independent director of a company, shall be subject to the approval of shareholders by way of a special resolution.

- f) The Company should ensure that the person proposed to be appointed as Director/ KMP shall not be disqualified under the 2013 Act, rules made thereunder, or any other enactment for the time being in force.
- g) Any person to be appointed as Director/ KMP / in Senior Management shall be appointed as per the procedure laid down under the provisions of the 2013 Act, rules made thereunder, or under LODR Regulations or any other enactment for the time being in force.
- h) At the time of appointment of Directors, it should be ensured that number of Boards on which such Director serves as Director / Independent Director, is restricted to applicable regulations in force.

B. Term / Tenure

a) Managing Director / Whole-time Director

- The Company shall appoint or re-appoint any person as its Managing Director or CEO or Whole- time Director 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.
- The Company shall not appoint or continue the employment of any person as Managing Director / Whole - Time Director who has attained the age of seventy years and shall not appoint Non-executive Director who has attained the age of seventy five years. However, the term of the person holding this position may be extended at the discretion of the committee beyond the age of seventy/seventy five years with the approval of shareholders by passing a special resolution, as the case may be, based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy/seventy five years as the case may be.

b) Independent Director

- Independent Director shall meet all criteria specified in Section 149(6) of the 2013 Act and rules made thereunder and Regulation 16 of LODR Regulations.
- 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 in the manner as specified under the 2013 Act and LODR Regulations.

- 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.
- A person who has resigned as Independent Director from a company shall not be appointed as Executive/Whole Time Director on the board of company, its holding, subsidiary or associate company or on board of company belonging to promoter group for a period of one year.

C. Removal

Due to reasons for any disqualification mentioned in the 2013 Act and rules made thereunder 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 subject to the provisions and compliance of the said Act, rules and regulations.

D. Retirement

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

5. REMUNERATION TO NON-EXECUTIVE DIRECTORS ('NED') **(i.e. Independent Directors & Non-Independent Non-Executive Directors)**

- a) The NED's may be paid sitting fees and as per the limits prescribed under the 2013 Act and rules framed thereunder for attending meeting of the Board and Committee thereof. NED's may also be paid profit related commission.
- b) The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. The Quantum of sitting fees and commission to be paid to the NED's will be recommended by the Committee and approved by the Board.

- c) In addition to the sitting fees and commission (as the case may be), the Company may pay to the NED's such fair and reasonable expenditure, as may have been incurred by them on behalf of the Company while performing his/her role as a Director of the Company.
- d) The Independent Directors shall not be entitled to any stock option of the Company.
- e) 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.
- f) If, in any financial year, the Company has no profits or its profits are inadequate, the Company can pay remuneration to its Director in accordance with the provisions of Schedule V of the Act.

6. REMUNERATION TO MANAGING DIRECTOR / WHOLE-TIME DIRECTOR

- a) The Managing Director / Whole-time Director will be paid salary allowance perquisites and benefits in alignment with regulatory requirements as per the provisions of 2013 Act and Rules made thereunder and LODR Regulations.
- b) The Committee shall make such recommendations to the Board, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors
- c) The level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate the required quality of professionals.
- d) If, in any financial year, the Company has no profits or its profits are inadequate, the Company can pay remuneration to its Director in accordance with the provisions of Schedule V of the Act.

7. REMUNERATION TO KEY MANAGERIAL PERSONNEL & SENIOR MANAGEMENT

- a) The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and variable pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
- b) The Fixed pay may include monthly remuneration, employer's contribution to provident fund, contribution to pension fund, pension schemes, etc. as decided from to time.

- c) The variable pay may be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

8. COMPOSITION OF COMMITTEE

The Committee shall consist of a minimum three non-executive directors, of which at least two-thirds of the directors shall be independent directors. Composition of the Committee shall be disclosed in the annual report.

9. QUORUM

The quorum for a meeting of the Committee shall be either two members or one-third of the total strength of the Committee, whichever is greater, including at least 1 independent director in attendance.

10. 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 Chairman 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 Chairman.
- d) Chairperson of the Committee may be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

11. FREQUENCY OF MEETINGS

The nomination and remuneration Committee shall meet at least once in a year. The meeting of the Committee shall be held at such regular intervals as may be required.

12. COMMITTEE MEMBERS' INTERESTS

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

13. SECRETARY

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

14. VOTING

- a) 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.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

15. MINUTES OF COMMITTEE MEETING

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

16. AMENDMENTS

The Committee of the Company shall review and may amend this policy from time to time, subject to the approval of the Board of the Company.

The revised policy shall be effective from 24th May 2022.