**SMIFS CAPITAL MARKETS LIMITED**

**NOMINATION AND REMUNERATION 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 carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.

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 at its meeting held on August 6, 2014.

**Composition of the Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee shall comprise of the members as may be decided by the Board of Directors from time to time.

**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 SMIFS Capital Markets Limited.

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

• Key Managerial Personnel (KMP) means-

(i) Executive Chairman and / or Managing Director;

(ii) Whole-time Director;

(iii) Manager

(iv) Chief Financial Officer;

(v) Company Secretary;

(vi) Such other officer as may be prescribed under the applicable statutory provisions / regulations.

• Senior Management means personnel of the Company occupying the position of Chief Executive Officer (CEO) of any unit / division or Vice President including Vice President of any unit / division 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

**PART – A**

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

The Nomination and Remuneration Committee 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.

**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.

3. The Company shall not appoint or continue the employment of any person as Whole-time Director/ Managing Director/ Manager who has attained the age of seventy years. The term of persons holding position may be extended beyond seventy years with shareholders approval

**• Term / Tenure**:

1. Managing Director/Whole-time Director/ Manager:

- The Company shall appoint or re-appoint any person as its Managing Director, Whole time Director or Manager 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:**

- 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. Further, his appointment will be as per the Companies Act, 2013 and various Regulations of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

**• Evaluation:**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

**• Removal:**

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

**• Retirement:**

The Director, 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 Board will have the discretion to retain the Director, KMP, 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 WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL**

**• General:**

1. The remuneration / compensation / commission etc. to the Whole-time Director, Managing Director, Manager, KMP and Senior Management Personnel 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 Whole-time Director/ Managing Director/ Manager Executive Chairman shall be in accordance with the 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 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 Whole-time Director/ Managing Director/ Executive Chairman

4. Where any insurance is taken by the Company on behalf of its Whole-time 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, KMP and Senior Management Personnel:

**1. Fixed pay:**

The Whole-time Director / KMP and Senior Management Personnel 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 P.F, pension scheme, medical expenses, 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. Minimum Remuneration:**

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

**3. Provisions for excess remuneration:**

If any Whole-time 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 Rs. One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

**3. Commission:**

Subject to the provisions of the section 197 of the Companies Act, 2013, any director who is in receipt of any commission from the company and who is a managing or whole-time director of the company shall not be disqualified from receiving any remuneration or commission from any holding company or subsidiary company of such company subject to its disclosure by the company in the Board's report.

**4. Stock Options:**

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