

# **SATYA MICROCAPITAL LIMITED**

## **Nomination & Remuneration Policy**

Version 1.0

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## Document review and approval

### Revision history

Version	Author	Date	Revision

### This document has been reviewed by

	Reviewer	Date reviewed
1	Amit Jain, Head-Legal, CS & Compliance Officer	November 2020
2	Board of Directors	November 2020
3	Amit Jain, Head-Legal, CS & Compliance Officer	November 2021
4	Board of Directors	November 2021
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### This document has been approved by

	Subject matter experts Name	Signature	Date reviewed
1	Board of Directors		November 06, 2020
2	Board of Directors		November 13, 2021
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## 1 PURPOSE

To provide a framework and principles which will guide the remuneration strategy of SATYA MicroCapital Limited (“Company”) for its Directors, Key Managerial Personnel and other employees. This Policy has been approved by the Board of Directors at its meeting held on November 06, 2020.

## 2 DEFINITIONS

- i. **“Act”** means the Companies Act, 2013, Rules framed thereunder including any modification or re-enactment thereof.
- ii. **“Board”** means the Board of Directors of the Company.
- iii. **“Committee” or “Nomination and Remuneration Committee”** means a Committee of the Board, constituted in accordance with the provisions of Section 178 of the Act and the Listing Regulations.
- iv. **“Employee Stock Options”** means the options given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a predetermined price.
- v. **“Independent Director”** means the Independent Director of the Company appointed in pursuance of the Act and Listing Regulations.
- vi. **“Key Managerial Personnel” or “KMP”** means the person(s) appointed as such in pursuance of Section 203 of the Act.
- vii. **“Remuneration”** means any money or its equivalent given or passed on to any person for services rendered by him/ her and includes perquisites and other benefits.
- viii. **“Senior Management”** mean the members of core management team of the Company excluding Board of Directors and shall comprise of all the members of management one level below the executive directors, including all functional heads, as mentioned in Section 178 of the Act.

## 3 CONSTITUTION OF THE “NOMINATION & REMUNERATION COMMITTEE:

The Board has the power to constitute / reconstitute the Committee from time to time in order to make it consistent with Company’s policies and applicable statutory requirements. The composition of the Company shall be in line with the requirements of the Act. The Company Secretary of the Company shall act as the Secretary of the Committee. Membership of the Committee shall be disclosed in the Annual Report. The terms of the Committee shall be continue unless terminated by the Board of Directors.

#### **4 KEY OBJECTIVES OF THE COMMITTEE:**

- a) To guide the Board in relation to the appointment and changes in Directors and Key Managerial Personnel;
- b) To formulate criteria for determining qualifications, positive attributes and independence of directors;
- c) To recommend M&SS that may be appointed as Key Managerial Personnel in accordance with the policy in vogue;
- d) To 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;
- e) To 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 of directors their appointment and removal.
- f) To recommend to the Board remuneration payable to the Directors and Key Managerial Personnel and Senior Management Personnel;
- g) To decide 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.
- h) Consider any other matters as may be prescribed under the Act or as may be requested by the Board from time to time.

#### **5 FREQUENCY OF MEETINGS:**

The meeting of the Committee shall be held at regular intervals as may be deemed fit and appropriate with at least one meeting in a year. The quorum for the Committee Meeting shall be either two members or one-third of the members of the Committee, whichever is greater, including at least one Independent Director in attendance. The Chairman of the Committee or in his absence any other member of the Committee authorized by him on his behalf shall attend the Annual General Meeting of the Company.

The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee. The Nomination & Remuneration Committee shall establish a mechanism to carry out its functions, any /all of its powers to any of the Executive / Whole-time Directors and/or Senior M&SS of the Company, as deemed necessary for proper and expeditious execution.

#### **6 COMMITTEE MEMBERS INTEREST:**

A member of the Committee is not entitled to participate in the discussions when his/her own remuneration is discussed at a meeting or when his/her performance is being evaluated.

## **7 APPOINTMENT AND REMOVAL OF DIRECTORS, KMPs AND SENIOR MANAGEMENT PERSONNEL**

### **7.1 Appointment Criterion and Qualifications:**

1. The person should possess adequate qualification, positive attributes, expertise and experience commensurate with the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / adequate for the concerned position.
2. The persons proposed to be appointed as Directors or Managing Director or Whole Time Director shall fulfil the following criterion:
  - a) He / she should be person of integrity with high level of ethical standards.
  - b) The person should have requisite qualification and experience in any of the areas like technical, finance, law, public administration, management, accounting, marketing, production, human resource, etc., as may be required in the context of the business and operations of the Company.
  - c) The person should not have been disqualified to be a director as per the provisions of the Act, Rules and any other law and regulation for the time being in force. In case of appointment as Independent Director, the person should fulfil the criterion of independence prescribed under the Act.
  - d) A person proposed to be employed by the Company at senior management shall possess requisite qualifications (wherever applicable) as may be prescribed under any law, rules and regulations.

### **7.2 Recommendation of the Committee:**

Depending upon the requirement of the Company, the Committee shall identify the persons who fulfil the criterion mentioned above for appointment as Director, KMP or Senior Management personnel and recommend to the Board for such appointment including the Remuneration and terms of their appointment.

The Committee shall also recommend to the Board the increment and performance incentive of Managing Director or Whole Time Director of the Company.

### **7.3 Retirement:**

Unless removed by the competent authority,

- a) A Director including Managing Director, if any, shall retire as per the terms of his/ her appointment.
- b) Senior Management personnel shall retire as per the respective terms of appointment and or the

prevailing Human Resource Policy of the Company.

## **8 REMUNERATION STRUCTURE**

### **8.1 MANAGING DIRECTOR**

The Committee shall formulate and recommend to the Board from time to time Remuneration packages for Managing/ Whole-Time Directors keeping a balance between fixed and variable pay, as may be applicable reflecting short and long term performance objectives appropriate to the working of the Company and its goals. The Remuneration structure shall have a co-relationship with the performance of such Director against a prescribed benchmark along with the factors such as the financial performance of the Company. The Managing/Whole-Time Directors are not entitled to sitting fee for attending Meetings of the Board and its Committees.

### **8.2 OTHER SENIOR MANAGEMENT PERSONNEL**

The Remuneration of Senior Management personnel and other employees are based on the following main principles:

- a) Demand-supply relationship of the concerned job expertise.
- b) Need of organization to retain and attract talent and its ability to pay.
- c) Employees' social aspiration for enhancing standard of living.
- d) Compensation trends in the industries in which the Company operates.

The compensation of Senior Management personnel comprises of fixed component as well as performance based incentives apart from perquisites and benefits including retirement benefits. While recommending the increment and performance incentive of Senior Management personnel, the Committee shall strike a balance between fixed and variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The Remuneration package of other employees depends upon the nature of business, job profile and other factors mentioned above. Apart from fixed component, the package may include one or more variable components such as performance based incentives, annual bonus, production linked bonus, etc., as the case may be.

The Company has also granted Employees Stock Options to the KMPs and employees above a certain level.

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