

Nomination and Remuneration Policy

1. Preamble

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement, as amended from time to time.

This policy shall be applicable on Directors, Key Managerial Personnel and Senior Management and other employees of the Company.

This policy has been approved by the Board of Directors and shall be effective from 1st October, 2014.

2. Objective

This policy is framed with the following objectives:

- To formulate the criteria for determining qualifications, positive attributes and independence of a director;
- To identify 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.
- Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel, senior management and other employees.

3. Definitions

- **“Act”** means Companies Act, 2013 and rules framed thereunder as amended from time to time.
- **“Listing Agreement”** means Equity Listing Agreement entered into by the Company with the Stock Exchanges.
- **“Board of Directors” or Board**, in relation to the company, means the collective body of the Directors of the Company.
- **“Audit Committee”** means the Audit Committee of the Company constituted or reconstituted by the board in accordance with Section 177 of the Act and the Listing Agreement.
- **“Committee”** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board in accordance with Section 177 of the Act and Listing Agreement.
- **“Company”** means “Shree Nidhi Trading Limited”.
- **“Policy” or “This policy”** means Nomination and Remuneration Policy.
- **“Director”** means a Director appointed to the Board of the Company.
- **“Independent Director”** means a Director referred to in Section 149 (6) of the Companies Act, 2013 and as provided under clause 49 of the Listing Agreement, as amended time to time.
- **“Key Managerial Personnel (KMP)”** means KMP as defined in the Act.
- **“Senior Management”** mean personnel of the company who are members of its core management team excluding Board of Directors.
- **“Employees”** means any other employee of the Company excluding Directors, KMP and Senior Management Personnel.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and the Listing Agreement as may be amended from time to time shall have the meaning respectively assigned to them therein.

4. Policy for appointment and removal of Director, KMP and Senior Management

General appointment criteria, qualifications and positive attributes of a Director

Enhancing the competencies of the Board and attracting as well as retaining talented employees for role of KMP/a level below KMP are the basis for the Nomination and Remuneration Committee to select a candidate for appointment to the Board. When recommending a candidate for appointment, the Nomination and Remuneration Committee has regard to:

- assessing the the person so being appointed against a range of criteria which includes but not be limited to qualifications, skills, regional and industry experience, background and other qualities required to operate successfully in the position, with due regard for the benefits from diversifying the Board;
- the extent to which the person so being appointed is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company;
- The Company should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force.
- the nature of existing positions held by the person so being appointed including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment;

Additional Criteria for Appointment of Independent Directors

In addition to the aforesaid criteria, the Committee shall also consider qualifications and appointment of Independent Directors as mentioned in clause 49 of the Listing Agreement (as amended from time to time) and provisions of Companies Act.

As provided under clause 49 of the Listing Agreement and/or under the Companies Act, 2013, 'Independent director' shall mean a non-executive director, other than a nominee director of the company:

- who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- who is or was not a promoter of the company or its holding, subsidiary or associate company;
- who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- apart from receiving director's remuneration, has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- who, neither himself nor any of his relatives —

- i. holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - ii. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —
 - a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
 - iii. holds together with his relatives two per cent or more of the total voting power of the company; or
 - vi. is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company;
 - vii. is a material supplier, service provider or customer or a lessor or lessee of the company;
- who is not less than 21 years of age.

Additional Criteria for Appointment as a member of Audit Committee

A director proposed to be appointed as a member of Audit committee should possess the additional qualifications, in lieu of requirements of section 177 of the Act read with rules made thereunder and Clause 49 (III) of the Listing Agreement.

Additional Criteria for Appointment of Managing Director, Manager or Whole-Time Director

In addition to the general criteria, the Company shall consider the requirements of section 196 of the Act read with rules made thereunder and Schedule V of the Act and relevant provisions of the Listing Agreement.

General appointment criteria, qualifications and positive attributes of a Senior Management

The Company shall consider balance of qualification, skills, regional and industry experience, background and other qualities required to operate successfully in the position of Senior Management Level.

Procedure for Appointment

The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under this policy alongwith Articles of Association, provisions of the Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force.

Tenure

Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive 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.

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 of upto maximum of 5 years each, 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.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act 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.

Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, 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.

Evaluation

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

5. Policy for remuneration of Directors, KMP, Senior Management and Other Employees***Remuneration to Non-Executive / Independent Directors:*****Remuneration / Commission:**

The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof only by the approval of Board for the same. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per

meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

Stock Options:

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

Remuneration to Managing/Whole-time / Executive / KMP, Senior Management Personnel and Other Employees

The Remuneration/ Compensation/ Commission etc. to be paid to Managing Directors and Whole-Time Directors shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

The Remuneration shall be broadly divided into the following components:

- The Fixed Components : Salary, allowances, perquisites, etc.
- The Variable Components: Performance based promotion and bonus.

Further in determining remuneration of other executive Directors, Senior Management and Other Employees will comprise of above two components and other factors as deemed fit by the Board, based on the recommendation of the committee and subject to statutory approvals, if any.

Further, in determining the Director's remuneration their performance evaluation as duly carried out by the board and/or Independent Directors, shall also be given due weightage.

6. Review and Amendments

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), Clarification, circular(s) etc.

7. Disclosure

The details of this Policy and the evaluation criteria as applicable shall be disclosed in the Annual Report as part of Board's Report therein or alternatively the same may be put up on the Company's website and reference drawn thereto in the Annual Report.