



NOMINATION AND REMUNERATION POLICY
Stock Holding Document Management Services Limited
(Stock Holding DMS)

Version	Recommended By	Approved by	Effective date
1.0	Nomination & Remuneration Committee	Board of Directors	January 14, 2015
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NOMINATION AND REMUNERATION POLICY

I. INTRODUCTION

A. DEFINITIONS:

1. **'Act'** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
2. **'Board'** means Board of Directors of the Company.
3. **'Director'** means Directors of the Company.
4. **'Committee'** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
5. **'Company'** means StockHolding Document Management Services Limited (StockHolding DMS)
6. **'Independent Director'** means a director referred to in Section 149 (6) of the Companies Act, 2013.
7. **'Key Managerial Personnel'** (KMP) means-
 - (i) Chief Executive Officer or Managing Director or Manager;
 - (ii) Whole-Time Director;
 - (ii) Company Secretary;
 - (iii) Chief Financial Officer;
 - (iv) *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*
 - (v) *Such other officer as may be prescribed.*
8. **'Senior Management Personnel'** mean personnel of the Company who are members of its core management team excluding the Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

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.

B. APPLICABILITY

The Policy is applicable to

1. Directors (Executive and Non-Executive)
2. Key Managerial Personnel
3. Senior Management Personnel and other employees

C. EFFECTIVE DATE

This policy shall be effective from January 14, 2015.

D. OBJECTIVES:

Formulate the criteria for determining the qualification, competencies and independence for appointment of Directors (Executive & Non Executive) and recommend to the Board policies relating to remuneration of the Director, KMP and other employees.

1. *To identify persons who are qualified to become Directors (Executive and Non-Executive) and Key Managerial Personnel.*
2. *To layout remuneration principles for employees linked to their efforts, performance & achievements relating to corporation's goals. To determine remuneration based on performance, Company's size, financial position, trends and practices on remuneration prevailing in the corporate sector, etc. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons*
3. *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. This is in line with the requirement under the Companies Act, 2013.*
4. *To devise a policy on Board diversity.*
5. *Establishing and reviewing Executive directors' succession planning in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board.*
6. *Make recommendations to the Board on appropriate performance criteria for the Directors. Formulate criteria and framework for evaluation of performance of every Director of the Board of the Company.*

7. *Identify ongoing training and education program for the Director to ensure that non-Executive Directors are provided with adequate information regarding the business, industry and their legal responsibilities and duties.*
8. *The Committee to assist the Board in ensuring Board nomination process with the diversity of gender, experience, knowledge and perspective in the Board in accordance with the Board.*

E. Composition of Nomination and Remuneration Committee of the Board (NRC-B):

The Committee shall comprise of three or more non-executive directors out of which not less than one-half shall be independent directors. The Chairman of the Company can be a member of the Committee but cannot chair the Committee. The Board has the power to reconstitute the Committee consistent with the applicable statutory requirement.

II. MATTERS TO BE DEALT WITH AND RECOMMENDED BY THE NRC-B TO THE BOARD

The NRC-B shall:

1. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
2. Recommend to the Board the appointment of persons who may be appointed as Director and Key Managerial Personnel in accordance with the criteria laid down in this policy.
3. Evaluate the performance of the Directors and recommend their remuneration.
4. Recommend to the Board the remuneration payable to Directors and KMP.

III. APPOINTMENT AND NOMINATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

a. Appointment criteria and qualifications

1. A person should possess requisite qualification, expertise and experience for appointment as Director, KMP. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

2. Independent Director must comply with the criteria given under Section 149 of the Companies Act, 2013 and other applicable statutory provisions.
3. A Director shall not attract any disqualification as prescribed under Section 164 of the Companies Act, 2013 or any other statutory provision as applicable.
4. Every Whole Time Director and KMP shall be appointed / designated by means of a resolution.

b. Term / Tenure

1. Managing Director / Whole-time Director

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

2. Independent Director

- i. 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.
- ii. 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.

3. Evaluation

To specify the manner for effective evaluation of performance of Board, its Committees and individual Directors to be carried out either by the Board or by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance. The Committee/Board/Independent external agency to carry out evaluation of performance of Directors.

4. Retirement

The Director, KMP and Senior Management Personnel and other employees shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company.

IV. REMUNERATION TO DIRECTORS, KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES

A. Remuneration to Managing/ Executive/Whole Time Director

1. Every Whole time KMP (i.e. MD & CEO, WTD, Company Secretary and Chief Financial Officer) shall be appointed by means of a resolution of the Board conferring the terms and conditions of the appointment including the remuneration based on expertise, experience, qualification and other personnel attributes.
2. The remuneration payable to Directors is subject to the approval of the Board, shareholders of the Company and, wherever required as per the provisions of the Companies Act, 2013, and the rules made there under.
3. The remuneration payable to Managing Director& CEO /Executive Director shall be in accordance with the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules made there under.
4. Where any insurance is taken by the Company on behalf of its Managing Director& CEO/ Executive Director, 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.
5. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director/ Executive Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.
6. If any Managing 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, 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.

B. Remuneration to Non- Executive / Independent Director

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

C. Remuneration to Key Managerial Personnel, Senior Management Personnel and other employees

The remuneration payable to Key Managerial Personnel, Senior Management Personnel and other employees shall be as per industry standards. The Committee shall, in consultation with the Human Resource department of the Company, decide remuneration payable to the Key Managerial Personnel, Senior Management Personnel and other employees.

The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience / merits, performance of each employee.

V. Disclosure of the Policy

The policy shall be placed on the website of the company, and the salient features of the policy and changes therein, if any, alongwith the web address of the policy, if any, shall be disclosed in the Board's report.