

## **NOMINATION AND REMUNERATION POLICY (u/s178)**

### **INTRODUCTION:**

Systematix Corporate Services Limited considers human capital as a strategic source of value creation. It aims, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”) as amended from time to time, this policy on nomination and remuneration of Directors, Key Managerial Personnel, Senior Management and other employees has been framed by the Committee and approved by the Board of Directors.

### **THE OBJECTIVE AND PURPOSE OF THIS POLICY ARE AS FOLLOWS:**

- To guide the Board of Directors in relation to appointment and removal of Directors (Executive and Non-Executive), Key Managerial Personnel, Senior Management and Other Employees.
- To lay down criteria for determining qualifications, positive attributes and independence of a Director.
- To lay down criteria for evaluation of performance of Board, its committees and individual Directors.
- To recommend to the Board of Directors on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To provide to Directors, Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and also to ensure long term sustainability of talented managerial persons to create competitive advantage.

**DEFINITIONS:**

- **Board**, means Board of Directors of the Company.
- **Directors**, means Directors of the Company.
- **Committee** means Nomination and Remuneration Committee of the Company as constituted by the Board.
- **Company**, means Systematix Corporate Services Limited.
- **Independent Director** means a director referred to in section 149(6) of the Companies Act, 2013 and as per Listing Regulation.
- **Key Managerial Personnel (KMP) means-**
  - (i) the Chief Executive Officer or the managing director or the manager;
  - (ii) the company secretary;
  - (iii) the whole-time director;
  - (iv) the 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;
- **“Regulations” or “Listing Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications or re-enactment thereof.
- **“Act”** means the Companies Act, 2013
- **“senior management”** shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and persons identified and designated as key managerial personnel, other than the board of directors, by the Company

**FREQUENCY OF MEETINGS:**

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

**APPLICABILITY:**

- Directors (Executive and Non Executive)
- Key Managerial Personnel
- Senior Management

**COMMITTEE MEMBERS' WELFARES:**

Member of the Committee is not entitled to be present/participate in discussion when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

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

- The salient features of this Company's policy shall be included in the Board's Report.

**SECRETARY:**

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

**RECOMMENDATIONS TO BE MADE BY NRC:**

The 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 of the directors, key managerial personnel and other employees.
- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.
- Recommend to the Board whether to extend or continue the term of appointment of Independent Directors, on the basis of report of performance evaluation.
- Recommend to the Board, all remuneration, in whatever form payable to senior management.

**APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT:**

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.
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
3. For every appointment of an independent director, the Committee shall 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 to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
  - a. use the services of an external agencies, if required;
  - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - c. consider the time commitments of the candidates.
4. The Company shall not appoint or continue the employment of any person as Managing Director or Whole-time Director or manager who has attained the age of **Seventy Five years**. Provided that the term of the person holding this position may be extended beyond the age of seventy five years with the approval of shareholders by passing a special

resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy five years.

5. The Company shall not appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person
6. (a) The Company shall ensure that approval of shareholders for appointment or reappointment of a person on the Board or as a manager is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier:

Provided that if such appointment or re-appointment of a person to the Board or as a manager is subject to approval of regulatory, government or statutory authorities, then the time taken to receive such approvals shall be excluded for the purposes of this clause:

Provided further that the requirements specified in this clause shall not be applicable to appointment or re-appointment of a person nominated by a financial sector regulator, Court or Tribunal to the board of the Company.

(b) The appointment or a re-appointment of a person, including as a managing director or a whole-time director or a manager, who was earlier rejected by the shareholders at a general meeting, shall be done only with the prior approval of the shareholders:

Provided that the statement referred to under sub-section (1) of section 102 of the Companies Act, 2013, annexed to the notice to the shareholders, for considering the appointment or re-appointment of such a person earlier rejected by the shareholders shall contain a detailed explanation and justification by the Committee and the Board for recommending such a person for appointment or re-appointment."

#### **TERM / TENURE:**

##### **1. 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.

##### **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.

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 in the Company.

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.

- **Performance Evaluation Criteria of Independent Directors:**

1. Understanding of nature and role of independent directors' position;
2. Active engagement with the Management and attentiveness to progress of decisions taken;
3. Driving any function or identified initiative based on domain knowledge and experience;
4. Proactive, strategic and lateral thinking.

**EVALUATION:**

The Committee shall carry out evaluation of performance of its Board, KMP and Senior Management Personnel its committees and individual directors at regular interval (yearly).

**CONTINUATION OF DIRECTOR SERVING ON THE BOARD:**

The continuation of a Director serving on the Board of the Company shall be subject to the approval by the Shareholders in a general meeting at least once in every five years from the date of their appointment or re-appointment, as the case may be.

The requirement specified above shall not be applicable to the Whole-Time Director, Managing Director, Manager, Independent Director or a Director retiring as per the sub-section (6) of section 152 of the Act, if the approval of the shareholders for the re-appointment or continuation of the aforesaid directors or Manager is otherwise provided for by the provisions of the regulations or the Act and has been complied with.

The requirement specified above shall not be applicable to the Director appointed pursuant to the order of a Court or a Tribunal or to a Nominee Director of the Government on the board of the Company, other than a public sector company, or to a nominee director of a financial sector regulator on the board of the Company.

The requirement specified in above shall not be applicable to a Director nominated by a financial institution registered with or regulated by the Reserve Bank of India under a lending arrangement in its normal course of business or nominated by a Debenture Trustee registered with the Board under a subscription agreement for the debentures issued by the Company.

**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.

**VACANCIES IN RESPECT OF DIRECTORS:**

Any vacancy in the office of a Director shall be filled by the Company at the earliest and in any case not later than three months from the date such vacancy.

Provided that if the vacancy in the office of a director results in non-compliance with the provisions of sub-regulation (1) of regulation 18, sub-regulation (1) or (2) of regulation 19, sub-regulation (2) or (2A) of regulation 20 or sub-regulation (2) or (3) of regulation 21 of the regulations, the Company shall ensure compliance at the earliest and in any case not later than three months from the date of such vacancy,

Provided that if the Company becomes non-compliant with the requirement under the sub-regulation (1) of regulation 17, sub-regulation (1) of regulation 18, sub-regulation (1) or (2) of regulation 19, sub-regulation (2) or (2A) of regulation 20 or sub-regulation (2) or (3) of regulation 21 of the regulations, due to expiration of the term of office of any Director, the resulting vacancy shall be filled by the Company not later than the date such office is vacated.

Provided further that the office of a Director shall not be filled if the Company fulfils the requirement under sub-regulation (1) of regulation 17, sub-regulation (1) of regulation 18, sub-regulation (1) and (2) of regulation 19, sub-regulation (2) and (2A) of regulation 20 and sub-regulation (2) and (3) of regulation 21 of the regulations without filling the vacancy.

**VACANCIES IN RESPECT OF CERTAIN KEY MANAGERIAL PERSONNEL:**

Any vacancy in the office of Chief Financial Officer, Chief Executive Officer, Managing Director, Whole Time Director, Manager or Compliance Officer shall be filled by the Company at the earliest and in any case not later than three months from the date of such vacancy.

Provided that where the Company is required to obtain approval of regulatory, government or statutory authorities to fill up such vacancies, then the vacancies shall be filled up by the Company at the earliest and in any case not later than six months from the date of vacancy.

Provided that the Company shall not fill such vacancy by appointing a person in interim capacity, unless such appointment is made in accordance with the laws applicable in case of a fresh appointment to such office and the obligations under such laws are made applicable to such person.

If a resolution plan under section 31 of the Insolvency Code has been approved in respect of the Company, any vacancy in the office of the Chief Financial Officer, Chief Executive Officer, Managing Director, Whole Time Director, Manager or Compliance Officer of the Company shall be filled within a period of three months of such approval:

Provided that, in the interim, the Company shall have not less than one full-time key managerial personnel managing its day-to-day affairs

**THE REMUNERATION FOR THE MANAGING DIRECTOR, WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL:**

- **General:**

The remuneration / compensation / commission etc. to the Managing Director/Whole-time Director, 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 approval of the shareholders of the Company.

1. The remuneration and commission to be paid to the Managing Director/Whole-time Director 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.
2. 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.
3. 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.

The fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if-(i) the annual remuneration payable to such executive director exceeds rupees 5 crore or 2.5 per cent of the net profits of the Company, whichever is higher; or (ii) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the Company:

Provided that the approval of the shareholders under this provision shall be valid only till the expiry of the term of such director.

**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/Managing Director in accordance with the provisions of Schedule V of the Companies Act, 2013.

**3. Provisions for excess remuneration:**

If any Managing Director/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 Shareholders, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.

4. The fees or remuneration payable to the executive Directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting if the said compensation exceeds the limit specified in the Regulation 17(6)(e) of the regulations.

- **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. And all the fees or compensation to be paid to non-executive directors shall require approval of the Shareholders in General Meeting except the payment of sitting fees.

The approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to single non-executive director exceeds 50% of the total remuneration payable to all the non-executive directors.

**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 the maximum amount as provided in the Act, per meeting of the Board or Committee or such amount as may be prescribed from time to time.



**3. Commission:**

Commission may be paid within the monetary limit approved by shareholders, subject to the limit as computed as per the applicable provisions of the Companies Act, 2013.

**4. Stock Options:**

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

**AMENDMENTS TO THE POLICY:**

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

\*\*\*\*