

(Version: v1.0)

**POLICY ON NOMINATION & REMUNERATION FOR  
DIRECTORS, KEY MANAGERIAL PERSONNEL (KMP)  
& SENIOR MANAGEMENT AND OTHER EMPLOYEES**

Version: 1.0  
Effective Date: 02 May, 2019



**Satin<sup>TM</sup>  
Housing  
Finance Ltd.**

**THE ANSWER IS HOME**

**SATIN HOUSING FINANCE LIMITED (SHFL)  
{REGISTERED WITH NATIONAL HOUSING BANK (NHB)}**


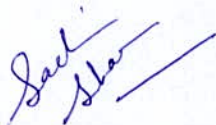
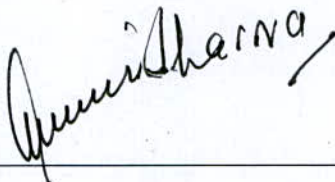
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Description	Signature
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## Version History

Version	Date	Description of Changes
1.0	02 May, 2019	First Release



## **POLICY ON NOMINATION & REMUNERATION FOR DIRECTORS, KEY MANAGERIAL PERSONNEL (KMP) & SENIOR MANAGEMENT AND OTHER EMPLOYEES**

### **Introduction:**

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of Section 178 of the Companies Act, 2013, this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors. This policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees of the Company.

### **Applicability:**

The Policy shall be applicable to:

- (a) Directors (Executive and Non-Executive);
- (b) **Key Managerial Personnel (KMP)**, which means all personnel as defined under Section 2 (51) of the Companies Act, 2013 or as defined under any other applicable laws as amended from time to time;
- (c) **Senior Management**, which means personnel of the Company who are members of its core management team excluding Board of Directors.
- (d) **Other Employees** of the Company.

### **Effective date for Implementation of the policy:**

The policy has been adopted by the Board of Directors at its meeting held on 02<sup>nd</sup> May, 2018. This policy shall be effective from Financial Year 2019-20.

### **Nomination and Remuneration Committee:**

In terms of Section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee will consist of three or more non-executive directors, out of which at least one-half shall be independent director(s), provided that chairperson of the Company may be appointed as a member of this Committee but shall not chair such Committee. The Committee will meet at such intervals as deems fit to carry out the objectives set out in the Policy.

### **Secretary:**

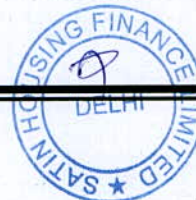
The Company Secretary of the Company shall act as Secretary of the Committee.

### **Objectives and Functions of the Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee shall, inter-alia, perform the following functions:



- Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance
- 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
- Ensure and determine that the Board comprises of a balanced combination of Executive Directors and Non-executive Directors and also the Independent Directors and size of the Board and its diversity;
- Oversee the formulation and implementation of ESOP Schemes, its administration and supervision;
- Decide / approve details of fixed components and performance linked incentives (if any) along with the performance criteria;
- Identifying and recommending Directors who are to be put forward for retirement by rotation.
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their Service contract;
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board;
- Considering any other matters as may be requested by the Board; and to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board;
- To approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company;
- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Approving the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To provide to 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 to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To devise a policy on Board diversity
- To develop a succession plan for the Board and to regularly review the plan;
- 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 Directors, key managerial personnel and other employees.

- Formulation of criteria for evaluation of Independent Director and the Board
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

**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.
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. The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.
4. 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, or any other enactment for the time being in force.
5. The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder, or any other enactment for the time being in force.

- **Personal Specification for Directors:** The Company shall ensure that selection criteria for inducting any person on Board of the Company as approved by Board in its meeting held on 01.05.2017. The following additional specification shall be required:

**1. Qualification:** Degree holder in relevant disciplines (e.g. management, accountancy, legal)

**2. Experience:** Experience of management in a diverse organisation  
Experience in accounting and finance, administration, corporate and strategic planning or fund management



Demonstrable ability to work effectively with a Board of Directors

**3. Skills:** Excellent interpersonal, communication and representational skills

Demonstrable leadership skills

Extensive team building and management skills

Strong influencing and negotiating skills

Having continuous professional development to refresh knowledge and skills

**4. Abilities and Attributes:**

Commitment to high standards of ethics, personal integrity and probity

Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace

**5. Political inclinations and opinions.**

➤ **Policy for Board Diversity**

**PREAMBLE**

To build a balanced structure of Board in terms of experience, education, gender, competency and approach to ensure that neither the office (Board) should not be influenced by gender biasness nor give an impression of relativeness which may influence the chair and in terms of applicable provisions of the Companies Act, 2013, if any, there should be an optimum combination of directors on the Board.

The Board Diversity Policy (the “Policy”) aims to set out the approach to achieve diversity on the Board of Directors (the “Board”) of the Company.

Building a Board of diverse and inclusive culture is integral to the success of Satin Housing Finance Limited (hereinafter referred to as “Company”). Ethnicity, age, Education, Competency and gender diversity are areas of strategic focus to the composition of our Board.

**NEED & OBJECTIVE OF THE POLICY**

Diversity in Board is needed for better Growth, profitability and to have a say for the Company on Social Platform. The prime and utmost objective of this policy is to set a diversely qualified Board for the Company to function smoothly, variedly and to work on every aspect of the business agenda(s).

The Company has a huge client/customer base from various states of India and draws on employee expertise from a wide range of professional disciplines linked primarily to the management demands, it is recognised that a Board composed of appropriately qualified people with a broad range of experience relevant to the business and important to the effective sustained commercial success of the Company. The Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.



**SELECTION OF MEMBERS OF BOARD**

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination and Remuneration Committee shall identify persons who are eligible and qualified to become Directors in accordance with the criteria as per policy of nomination & remuneration committee of the Board of Director & shall recommend the same to the Board for their consideration and shall carry out evaluation of every director's performance. The aforesaid committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and shall ensure and determine that the Board comprises of a balanced combination of Executive Directors and Non-executive Directors and also the Independent Directors and size of the Board and its diversity.

**OBSERVANCE AND REPORTING**

A. It is sole responsibility of The Nomination and Remuneration Committee (among other things) to:

- Assess the present composition of the Board in light of the alight diverse skill factors.
- To prepare a requisition required for having a proper blend of directors in terms of diverse skills i.e. in terms of gender, age, cultural, educational background, ethnicity, professional experience etc.
- Making recommendations to the Board in relation to Board succession, including the succession of the Chairman, to maintain an appropriate mix of diversity in terms of gender, age, cultural, educational background, ethnicity, professional experience etc. on the Board; and
- Reviewing and reporting to the Board in relation to Board Diversity.

B. The Nomination and Remuneration Committee will report to the Board on:

- The programme undertaken by this Committee pertaining to have a proper blend of Board of Director in terms of its diverse skills and to achieve the objectives.
- Progress in achieving the Objectives and to make recommendations to the Board on the same.

➤ **Additional Criteria for Appointment of Independent Directors:**

The Committee shall consider qualifications for Independent Directors as mentioned in herein earlier under the head 'Definitions' and also their appointment shall be governed as per the provisions of the Companies Act, 2013 (as amended from time to time).

➤ **Term/Tenure of Appointment:**

**a) 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 or for such other time period which is permissible under applicable laws.

**b) 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. 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.

➤ **Removal & Retirement:**

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

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.

**Policy for remuneration to Whole-time / Executive/Non-executive / Managing Director, KMP, Senior Management and other employees of the Company:**

The remuneration of employees largely consists of basic salary, perquisites, allowances and performance incentives. Perquisites and retirement benefits are paid according to the Company policy, subject to prescribed statutory ceiling.

The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience / merits, performance of each employee. The Company while deciding the remuneration package takes into consideration current employment scenario and remuneration package of the industry.

**a) 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 breakup 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/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required

**b) 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 Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

**c) 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 Act 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:**

**a) 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.

**b) 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.

**c) Commission:**

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

**d) Stock Options:**

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

**Performance evaluation/ Assessment of Directors/ KMPs/Senior Officials of the Company:**

The performance evaluation/assessment of the Directors, KMPs and the senior officials of the Company is to be conducted on an annual basis. The Executive Director/Non-Independent Directors along with the Independent Directors will evaluate/assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion.

The following criteria may assist in determining how effective the performances of the Directors/KMPs/Senior officials have been:

- ✓ Leadership & stewardship abilities
- ✓ contributing to clearly define corporate objectives & plans
- ✓ Communication of expectations & concerns clearly with subordinates
- ✓ Obtain adequate, relevant & timely information from external sources.
- ✓ review & approval achievement of strategic and operational plans, objectives, budgets
- ✓ regular monitoring of corporate results against projections
- ✓ identify, monitor & mitigate significant corporate risks
- ✓ assess policies, structures & procedures
- ✓ direct, monitor & evaluate KMPs, senior officials
- ✓ review management's succession plan
- ✓ effective meetings
- ✓ assuring appropriate board size, composition, independence, structure
- ✓ clearly defining roles & monitoring activities of committees
- ✓ review of corporation's ethical conduct

**Review and Amendment**

- i. The Nomination and Remuneration Committee or the Board may review the Policy as and when it deems necessary.
- ii. The Nomination and Remuneration Committee may issue the guidelines, procedures, formats,



- reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
- iii. This Policy may be amended or substituted by the Nomination and Remuneration Committee or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.

