



NOMINATION
AND
REMUNERATION
POLICY
OF
SIMON INDIA
LIMITED

(As approved by the Board vide Resolution no.16 passed at its meeting held on May 14, 2015)

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NOMINATION AND REMUNERATION POLICY

I INTRODUCTION:

The Company considers human resources as its invaluable asset, would like to harmonize the aspirations of its human resources consistent with the goals of the Company. With these objectives in mind, this policy on nomination and remuneration of Directors, Key Managerial Personnel Senior Management and other employees has been formulated by the Nomination and Remuneration Committee and submitted for approval by the Board of Directors, as per provisions of Companies Act, 2013.

II OBJECTIVE:

The Nomination and Remuneration Committee and this Policy shall be in compliance with the provisions of Section 178 and all other applicable provisions and rules of the Companies Act, 2013.

The Key Objectives of this Committee are:

1. To lay down criteria in all matters relating to appointment and removal of Directors, Key Managerial Personnel, Senior Management and other employees of the Company.
2. To guide & recommend the Board about the remuneration payable to the Directors, Key Managerial Personnel Senior Management and other employees of the Company to ensure that it attracts, retains and motivates the requisite quality of persons, required to run the company successfully and to enable to meet its objectives and goals.
3. To carry out evaluation of the performance of each member of the Board and report the same to the Board.

III APPLICABILITY:

This policy shall be effective from the date of approval by the Board of Directors and shall be applicable to Directors, Key Managerial Personnel, Senior Management and other employees of the Company.

IV DEFINITIONS:

- **Act** means the Companies Act, 2013 or any statutory modification or re-enactment thereof
- **Board of Directors or Board** means, the collective body of the Directors of the Company.
- **Committee** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.

- **Company** means Simon India Limited (SIL).
- **Director** means a Director appointed to the Board of the company.
- **Executive Director (ED)** means a director who has been designated so by the Board.
- **Independent Director** means a director referred to in Section 149 (6) of the Act.
- **Key Managerial Personnel (KMP) includes:**
 - (i) Chief Executive Officer (CEO) or the Managing Director (MD) or the Manager
 - (ii) the Whole-time Director (WTD);
 - (iii) the Chief Financial Officer (CFO);
 - (iv) the Company Secretary (CS); and
 - (v) Such other officer as may be prescribed under the applicable statutory provisions/ regulations.
- **Management Committee (MC)** means a committee comprising of Senior personnel of the Company as constituted and reconstituted by an Executive Director from time to time
- **Policy** means Nomination and Remuneration Policy.
- **Remuneration** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income Tax Act, 1961.
- **Senior Management** means personnel of the Company who are members of its core management team excluding Board of Directors and KMP {Currently All Functional Heads}
- **Other employees** means personnel of the Company other than the Senior Management.

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

V COMMITTEE:

- The Committee shall consist of minimum 3 (three) Non-Executive Directors, not less than half being Independent.
- Minimum of 2 (two) Directors, shall form a quorum.
- The Chairperson of the Committee shall be an Independent Director.
- The composition of the Committee shall be disclosed in the Annual Report.
- The term of the Committee members shall be co-terminus with the Directorship held in the Company.
- The Committee shall meet periodically and at such intervals as may be required.
- The Company Secretary of the Company shall act as the Secretary to the Committee.
- The confirmed minutes of the Committee meetings shall be placed before the Board.

VI CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE:

In accordance with Paragraph V above, the Board has changed the nomenclature of Remuneration Committee constituted at its meeting held on March 11, 2004 by renaming it as Nomination and Remuneration Committee on March 10, 2015.

The Committee currently comprises the following Directors:

Sr. No.	Name	Position in Committee	Independent/Executive/ Non-Executive Director
1)	Mr. Sunil Sethy	Chairman	Independent, Non- Executive Director
2)	Mr. S. K. Poddar	Member	Chairman and Non- Executive Director
3)	Mr. Marco Wadia	Member	Independent Non- Executive Director
4)	Mr. Suresh Krishnan	Member	Non- Executive Director
5)	Mr. S.S. Nandurdikar	Member	Managing Director

The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirement.

VII ROLE OF THE COMMITTEE

The Committee shall deal with the following matters:

- Identify persons who are qualified to become directors;
- Identify persons who may be appointed as KMP in accordance with criteria laid down in this policy;
- Recommend to the Board, appointment and removal of Director(s) and Key Managerial Personnel (KMP) and carry out evaluation of every director's performance;
- Formulate and Review the criteria for determining qualifications, positive attributes & independence of a director and accordingly identify persons qualified to be Director;
- Recommend to the Board a policy, relating to the remuneration for the directors and key managerial personnel, ensuring that the level and composition is reasonable and sufficient to attract, retain and motivate all concerned, for ensuring efficient management of the company;
- On recommendation of an ED/MD/WTD, to approve the policy for remuneration of senior management;

- On recommendation of the MC, to approve the policy for remuneration of other employees;
- That the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- To ensure that the remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals;
- To review and recommend the human resource policies, remuneration proposals, development and policies on evaluating performances of Key Managerial Personnel, Senior Management and other employees of the Company;
- To carry out any other function as is mandated by the Board from time to time and /or enforced by the statutory notification, amendment or modification, as may be applicable;
- To delegate such necessary functions and powers for implementing the policy, as the Committee may deem fit.

VIIIA POLICY FOR APPOINTMENT– ED/MD/WTD, KMP, SENIOR MANAGEMENT & OTHER EMPLOYEES

1. Appointment of ED/MD/WTD

Purpose –

- The objective of this process is to appoint the most competent and qualified person for this position.

Process Owner and Responsibility –

- Board of Directors of the Company

Guiding Principles –

- To ensure that the most appropriate candidate is made available within the required time and cost for managing the organization’s business.
- No discrimination is made based on religion, caste, gender and colour while recruiting the right candidate.
- During the selection and recruitment process, potential candidates are treated with dignity and confidentiality of information is maintained.

Candidate Profile & Job Description Document –

- A Committee assisted by HR documents the key requirements of the position
- Essential and desirable qualification
- Total experience and quality of the experience (industry background)
- Technical and Non Technical Competencies required for the position

- Age Profile, income profile, etc.

Selection Process –

- On vacancy arising in the position of ED/MD/WTD, due to superannuation/resignation /contract expiry, the Committee shall consider renewal of contract or appointment of successor, as necessary. The Committee may identify search process including outside agency for search.
- All shortlisted candidates including internal candidates shall be called for a personal round of interview with the Committee.
- For final decision on renewal of contract/selection of ED/MD/WTD, the Committee will make suitable recommendation, as appropriate, to the Board of Directors.
- The ED/MD/WTD may be appointed/reappointed for a period of upto 5 years at a time, on recommendation of the Committee and approval of the Board of Directors.

2. Appointment of KMP (Excluding ED/MD/WTD)

Purpose –

- The objective of this process is to recruit competent and qualified personnel for the Key Managerial position (excluding ED/MD/WTD covered separately).

Scope –

- This process is applicable for all KMPs except **ED/MD/WTD (covered separately)**

Process Owner and Responsibility –

- ED/MD/WTD

Process Description:

Guiding Principles –

- To ensure that competent manpower is made available within the required time and cost for managing the organization's business.
- No discrimination is made based on religion, caste, gender and colour while recruiting the right candidate.
- During the selection and recruitment process the candidates are treated with dignity and confidentiality of information is maintained.

Categories of Employment:

Regular Employment –

- All KMPs are taken on the Company's roll as per the standard terms and conditions of the Company as applicable.

Process Details:

- All additional manpower requirements for forthcoming financial years are to be discussed and approved as part of annual manpower planning and budgeting process.
- A vacancy may arise due to resignation / superannuation / termination or any other reason of the existing KMP.

Job Description Document –

- HR documents the key requirements of the position
- Essential and desirable qualification
- Total experience and quality of the experience (industry background)
- Technical and Non Technical Competencies required for the position
- Age Profile, income profile, etc

Screening Process –

- All the applicants shall be screened based on the approved Job Description Form by the ED/MD/WTD.

Selection Process –

- All shortlisted candidates including internal candidates shall be called for a personal round of interview by an interview panel, constituted by the ED/MD/WTD.
- For final appointment of the KMP, the ED/MD/WTD would recommend the final shortlisted KMP to the Committee.

Interview Evaluation Sheet –

- The interview evaluation sheet provides for the essential competencies to be evaluated during the interview by the panel members
- For final decision on candidate's selection, recommendation of majority of Panel members and approval of ED/MD/WTD is necessary.

Psychometric profiling –

- All selected candidates' psychometric profiling shall be done and the outcome will form as part of the final decision making process.

Reference Check –

- Before making the final offer, reference check to be conducted from two references (out of which one reference preferably will be from client/vendor) provided by the candidate and a report to be submitted to the Interview Panel
- Background verification may be done through an empanelled external agency

Health Check Up –

- After the offer letter and before joining the organization, the selected candidate has to get his /her health check up done from the company recognized Hospital and the report forwarded to Head (HR) to be reported to the Interview Panel.

3. Appointment of Senior Management

Identical to KMP above, except for ‘Selection Process’ which reads as under:

- All shortlisted candidates shall be called for a personal round of interview by an interview panel, constituted by the ED/MD/WTD.
- For final appointment of the Senior Management personnel, the Interview Panel would make suitable recommendation to the ED/MD/WTD for final approval.

4. Appointment of other employees

- For all other categories of employees, the appointment would be in accordance with the documented HR Policies of the organization, duly approved by the MC.

VIII B REMUNERATION POLICY

1. ED/MD/WTD

- 1) Remuneration to ED/MD/WTD, including retirement benefits would be determined based on industry standards, in accordance with the parameters laid down in the Act, and subject to approvals of the Board, general body and other authorities, as required by the Act. Remuneration to the ED/MD/WTD, to be approved by the Committee at the time of fixation and annually thereafter. Increments to ED/MD/WTD’s remuneration, including variable pay would be approved by the Committee.
- 2) Remuneration to the ED/MD/WTD would be governed by his contract of employment with the company, which would be approved by the Committee at time of finalization/renewal.
 - In the event that the ED/MD/WTD receives directly/indirectly by way of remuneration, any sum in excess of limits prescribed under the Act or without approval of the Central Government, where so required, such amount shall be refunded to the Company and held in trust by him until so refunded.
 - It is to be ensured that the level and composition of present compensation package is reasonable and sufficient to attract, retain and motivate ED/MD/WTD of the quality required to run the company successfully, with balance between fixed and incentive pay,

reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

- **Process Details –**

The total reward (Cost to the company; CTC) for the ED/MD/WTD are defined which includes all components of monthly/annual allowances, reimbursement, perquisites, retiral benefits and incentives / variable components.

- **Fixed Component and Variable Component / Performance Linked Incentive**

The CTC shall have two components – Fixed and variable, greater portion of the CTC shall constitute fixed component and the lesser portion shall be variable. The variable component shall be calculated as per the performance of organization and performance of the concerned Division/Department/Individual.

2. KMP (excluding ED/MD/WTD)

Purpose –

- To define a comprehensive compensation & benefit policy and practice which supports in attracting and retaining the right talent for the organization.

Scope –

- This process is applicable for all KMP except ED/MD/WTD.

Process Owner and Responsibility –

- ED/MD/WTD.

Guiding Principles –

- Fair compensation & benefits process
- Aligned with the company's philosophies of having a performance oriented culture and rewarding meritocracy
- Aligned with the business priorities and standards to retain talent for long term

Process Measurement –

- Adherence to the documented processes

Process Details –

- The total reward (Cost to the company; CTC) for the KMPs are defined which includes all components of monthly/annual allowances, reimbursement, perquisites, retiral benefits and incentives / variable components.

External parity –

- Every three years, the Company shall benchmark its total reward amount and compensation structure with the industry standard and harmonize between (50th -75th) percentile depending upon the functions.

Internal parity –

- The existing median total reward for a position shall be considered as budgeted amount for the new position / incumbent. The acceptable deviation between the existing and offered amount should not exceed +/- 25 %

Salary Negotiation –

- The existing reward of the candidate is captured with the help of his/her salary slip /increment letter /appointment letter / self declaration. The new /negotiated total reward of the candidate is compared with the existing rewards of the similar position/s within the organization to ascertain the link between performance track record, experience and qualification and ensure internal parity within the organization.

Fixed Component and Variable Component / Performance Linked Incentive

- The CTC shall have two components – Fixed and variable, for KMPs, greater portion of the CTC shall constitute fixed component and the lesser portion shall be variable. The variable component shall be calculated as per the performance of organization and performance of the concerned Division/Department/Individual.

Annual Increment –

- Annual increment (percentage/amount) shall be calculated based on the prevailing rate of inflation, employee performance and the Company's performance and the amount available as determined by management and recommended by ED/MD/WTD (considering inter alia industry practice / inflation, etc.) to the Committee. Increment shall be applicable from 1st of April of each year.

The relationship of remuneration to performance is clear and appropriately benchmarked and involves a balance between fixed and incentive pay, which reflect the short and long term performance objectives of the company, appropriate to its working and goals.

3. Senior Management

Same as KMP above.

4. Other Employees:

- For all other categories of employees the remuneration would be in accordance with the documented HR Policies of the organization, duly approved by the MC.

VIIIC POLICY FOR TERMINATION

1. KMP excluding ED/MD/WTD

Purpose –

- To define the termination policy and practice for the KMP, excluding ED/MD/WTD.

Scope –

- This process is applicable for the all KMP (excluding ED/MD/WTD) management.

Process Owner and Responsibility –

- ED/MD/WTD.

Guiding Principles –

- To ensure natural justice & fairness in the exit process

Process description –

- **Termination for non-performance –**
 - A normal termination is usually in cases of non performance, the concerned KMP is communicated in writing that his /her performance is not meeting the satisfactory level and is given upto 6 months time for improvement with agreed upon performance improvement plan and targets. After completion of the period, performance is evaluated by the superior. If performance continues to be unsatisfactory, the superior recommends for termination as per the appointment clause. After written approval of the ED/MD/WTD, termination process is initiated.

- Termination pursuant to Notice Period contained in individual appointment letters. In the appointment letters, termination clause to clearly mention that, at the KMP level, 3 month's notice has to be given or three months of basic salary in lieu of notice period has to be paid.

Termination without notice pay / period / summarily dismissal –

- If a KMP commits following acts which shall amount to misconduct, he /she will be liable for disciplinary action including termination of service without any notice pay/period, after following the process specified below:
 - Willful insubordination or disobedience of any lawful or reasonable order of superior.
 - Theft, fraud or dishonesty in handling the affairs or business of the organization.
 - Riotous, disorderly or indecent behavior while on duty.
 - Possessing or consuming illegal drugs, intoxicants or other controlled substances on & off duty.
 - Possessing or consuming alcohol on duty or course of duty.
 - Insolvency or being held guilty by a competent court for any offence or moral turpitude.
 - Sexual harassment whether directly or by implications.
 - Absence without leave, without sufficient grounds and proper satisfactory explanation.
 - Breach of confidentiality and sharing of vital information against company's policies/interest.
 - Any other act / behavior which violates organization's norms /values.

Process –

The unacceptable behavior / offence of KMP will be investigated by an empowered internal committee, constituted by the ED/MD/WTD, for a neutral enquiry and recommended course of action based on findings. Based on the Company's internal Committee's recommendation and ED/MD/WTD's endorsement, the Committee would make suitable recommendation to the Board of Directors.

2. Senior Management

Same as to KMP above, except for the point on 'Process' which reads as under:

- Based on the Internal Committee's recommendation, the approval of the ED/MD/WTD would be obtained and termination process initiated.

3. Other Employees:

- For all other categories of employees, below the level of senior management, the termination would be in accordance with the documented HR Policies of the organization, duly approved by the MC.

IX CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES & INDEPENDENCE OF DIRECTORS, REMUNERATION OF NON EXECUTIVE AND INDEPENDENT DIRECTORS, REMOVAL OF DIRECTOR.

1. Criteria

For All Directors

1. All Directors must possess requisite Educational Qualifications and suitable experience, which is relevant to Company's business and in the opinion of the Committee, possess the requisite qualifications and experience to serve on the Board and comply with the fiduciary duties specified under Section 166 of the Act.
2. At the time of appointment, must not exceed limit of Directorships to be held, as specified in the Act.

3. Additional requirements for designated Independent Directors

1. Independent Director/s must fulfill Independence criteria as per Section 149(6) of the Act and comply with the Code of Conduct specified in Schedule VI of the Act.
2. Independent Directors shall be appointed/reappointed for a term not exceeding 5 years at a time on the recommendation of the Committee and approval of the Board of Directors.
3. 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.
4. Any tenure of an Independent Director on the date of commencement of the Act shall not be counted as a term or part thereof.

2. Remuneration

Remuneration to Non-Executive and Independent Directors would only be by way of sitting fees for attending meetings of the Board or meetings of the Committees of the Board, as may be recommended by the Committee and approved by the Board of Directors from time to time, within the limit permissible under the Act.

3. Procedure for Automatic vacation of office of Director / Removal of a Director

a) Automatic Vacation of office

Any Director who incurs any of the disqualifications provided pursuant to the provisions of Section 167 of the Act shall automatically vacate office as a Director of the Company.

b) Removal of a Director

If any Director knowingly or willfully acts against the interests of the company, resulting in significant financial loss to the company or damage to its reputation, the Committee, may recommend removal of a Director before the expiry of the period of his/her office after giving the concerned Director a reasonable opportunity of being heard.

1. In all such cases, the principles of natural justice must be followed and the Director concerned must be given an opportunity of being heard.
2. The recommendation of the Committee for removal of a Director must be unanimous.
3. The Board of Directors must accept by three fourths majority of the Directors present, the recommendation of the Committee.
4. The procedure specified under Section 169 of the Act, must thereafter be followed.

X AMENDMENT TO THE POLICY

The Committee and Board reserves the right to modify, cancel, add, or amend this Policy subject to the provisions of the Companies Act, 2013 and rules framed thereunder.

XI 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.

Sd/-
Sunil Sethy
(Chairman- N& R Committee)
DIN: 00244104