

NOMINATION AND REMUNERATION POLICY OF MARWADI SHARES AND FINANCE LIMITED

The Board of Directors of Marwadi Shares and Finance Limited (the “MSFL”) acting upon the recommendation of its Directors and the Nomination and Remuneration Committee (the “NRC Committee”), has adopted the following policy (“Nomination and Remuneration Policy”):

Preamble

In terms of Section 178 of the Companies Act, 2013, any Company with a paid up capital of ten crore rupees or more shall constitute Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one half shall be independent directors. This policy of nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company has been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors vide its resolution dated 20th March, 2015. 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.

Objectives

The policy is framed with the objective(s):

1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
3. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
4. 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.
5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
6. To devise a policy on Board diversity.
7. To develop a succession plan for the Board and to regularly review the plan.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of the following Directors:

Name	Category	Designation
Mr. Kantilal K. Khakhar	Non-Executive Independent Director	Chairman
Mr. Nareshkumar D. Jadeja	Non-Executive Independent Director	Member
Ms. Juhi D. Marwadi	Non-Executive Director	Member
Mr. Ketan H. Marwadi	Executive Director	Member

- The Company Secretary of the Company shall act as Secretary of the Committee.
- The meeting of the Committee meets at least twice in a year and such regular intervals as may be required.
- A member of the Committee is not entitled to be present 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 Role of the Committees to achieve the object of Policy.

Applicability

This Policy shall be applicable to:

- a) Directors (Executive and Non-executive)
- b) Key Managerial Personnel
- c) Senior Managerial Personnel

Definition

- 1. Act** means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
- 2. Board** means Board of Directors of the Company.
- 3. Directors** mean Directors of the Company.
- 4. Key Managerial Personnel** means
 - a) Chief Executive Officer or the Managing Director or the Manager;
 - b) Whole-time director;
 - c) Chief Financial Officer;
 - d) Company Secretary; and
 - e) such other officer as may be prescribed.
- 5. Senior Management** means Senior Management means 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 Functional Heads.

Criteria for Appointment and removal of Director, KMP and Senior management

1. Appointment Criteria and Qualifications

- a) 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.
- b) 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.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy 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 years.

2. Term / Tenure

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. No re-appointment shall be made earlier than one year before the expiry of term.

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 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 Board 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.

3. Evaluation

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

4. 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.

5. 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.

Criteria for Remuneration to Directors / KMP / Senior management personnel

1. Remuneration to Managing/Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

The Remuneration/ Compensation/ Commission etc. to be paid to Director /Managing Director etc. 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.

2. Remuneration to Non- Executive/Independent Director:

The Non-Executive Independent Director may receive remuneration/ compensation /commission as per the provisions of Companies Act, 2013. The amount of sitting fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

Duties in relation to remuneration matters

The duties of the Committee in relation to remuneration matters include:

- Considering and determining 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.
- 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.

- Delegating any of its powers to one or more of its members or the Secretary of the Committee.
- Considering any other matters as may be requested by the Board.

Duties in relation to Nomination matters

The duties of the Committee in relation to nomination matters include:

- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- Identifying and recommending Directors who are to be put forward for retirement by rotation;
- Determining the appropriate size, diversity and composition of the Board;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- 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; and
- Considering any other matters, as may be requested by the Board.

Review and Amendment

1. The Nomination and Remuneration Committee or the Board may review the Policy as and when it deems necessary.
2. 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.
3. 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.