

SBI Ventures Limited (formerly known as SBICAP Ventures Limited)

Nomination and Remuneration Policy

Version 2

Policy Owner: Head, Human Resources

This document lays down the Nomination and Remuneration Policy of SBI Ventures Limited. Deviations from the laid down standard operating procedures should be reported to the Board of Directors.

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(Pursuant to Section 178 of the Companies Act, 2013)

As required under the provisions of the Companies Act, 2013 (the Act), as amended from time to time, this policy on nomination and remuneration of Directors, Key Managerial Personnel (“KMP”) and the Senior Managerial Personnel (“SMP”) has been formulated by the Nomination and Remuneration Committee of Directors (“NRC” or “the Committee”) and approved by the Board of Directors of the Company (“the Board”).

1. Objective and purpose

- a) To take note of appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) To evaluate the performance of the members of the Board and provide necessary report to the Board.
- c) To take note and recommend to the Board for appointment and remuneration of Executive Directors. To recommend improvements to align to prevailing market standards, the remuneration policy relating to Key Managerial Personnel and senior employees.
- d) To recommend improvements to align to prevailing market standards, performance based incentives /rewards agreed between the Company and Key Managerial Personnel and Senior Management Personnel relating to the Company’s operations.
- e) To retain, motivate and promote talent and to ensure long term sustainability of talented Senior Management Personnel.

2. Definitions

i. Key Managerial Personnel

Key Managerial Personnel means –

- Chief Executive Officer or the Managing Director or the Manager;
- Whole-time Director;
- Chief Financial Officer;
- Company Secretary;

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

- such other officer as may be prescribed by the Act or rules made thereunder
- ii. **Senior Management Personnel** (“SMP”) means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the Executive Directors, including the functional heads.

Unless the context otherwise requires, the “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.

3. Applicability

The Policy is applicable to all Directors, Key Managerial Personnel (KMP), SMP and other employees of the Company.

4. Constitution, Composition, Quorum of the Committee

4.1. Number of Members

- i. The Committee shall consist of a minimum 3 (Three) Non-Executive Directors, out of which not less than one half shall be Independent Directors
- ii. The quorum for the Committee meetings shall be one third of its total strength (any fraction contained in that one third being rounded off as one) or two Directors, whichever is higher, of which, at least one Director shall be an Independent Director.
- iii. The Chairman of the Committee will be a Non-Executive Director from amongst the members of the Committee. In the absence of the Chairman, members of the Committee present at the meeting shall choose one of the members of the committee to act as Chairman.
- iv. The Chairman of the Company may be a member of the Committee but will not chair the Committee.
- v. The Chairman of the Committee or in his absence any other member of the Committee authorised by him in this behalf, shall attend the general meetings of the Company.
- vi. Membership of the Committee shall be disclosed in the Annual Report.

4.2. Meetings and Invitees to meetings

- i. The Committee will meet as and when required or as mandated by the Board or the Chairman of the Committee.
- ii. The Committee may invite such Executives, as it considers appropriate to be present at any meeting of the Committee. Head HR (HRD), SVL will be permanent invitee to the Committee.
- iii. The Chairman or any other member of Committee or Company Secretary shall be the convener of the Committee meetings.
- iv. The Company Secretary shall act as Secretary of the Committee and provide assistance to it.

5. Role and functions of the Committee related to Nomination

5.1. Appointment criteria and qualifications

- i. To take note of the Nomination / Appointment of persons who are nominated by State Bank of India (SBI) and qualified to become Directors of the Company and who may be appointed as KMP or SMP of the Company, who possess integrity, independence, adequate knowledge, skill, qualification, experience in the field of his/her specialisation commensurate with the proposed role and responsibility as Director, KMP or SMP and shall have the ability to manage the responsibility assigned to him / her.
- ii. To take note of the Nomination/Appointment of KMP and Senior Management Person appointed by senior management of SBI Ventures Limited in consultation with SBI who possesses integrity, independence, adequate knowledge, skill, qualification, experience in the field of his/her specialisation commensurate with the proposed role and responsibility as KMP or SMP and shall have the ability to manage the responsibility assigned to him / her.
- iii. The Company should ensure that it appoints or continues the employment of any person as Managing Director / Whole-time Director subject to the conditions laid down under Part I of Schedule V of the Companies Act, 2013.
- iv. To ensure that the Company shall appoint or continue the service of any person as Independent Director subject to the provisions of Section 149 read with Schedule IV and other applicable provisions of the Companies Act, 2013.

5.2. Tenure of appointment

- i. **Executive Directors**

- a. The Company shall appoint or re-appoint any person as its Managing Director / Whole-time Director by whatever name called, for a term not exceeding five years at a time, subject to the right of SBI to appoint the Managing Director / Whole-time Director as contained in the Articles of Association of the Company.
 - b. No re-appointment of the Managing Director / Whole-time Director shall be made earlier than one year before the expiry of his / her term.
- ii. **Independent Director**
- a. To ensure that an Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and be eligible for re- appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
 - b. To ensure that no Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after the 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.

5.3. Evaluation

The committee shall carry out evaluation of performance of every Director on yearly basis on certain predetermined parameters.

5.4. 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.

5.5. Retirement

- i. The Director shall retire as per the applicable provisions of the Companies Act, 2013, and KMP and SMP shall retire as per the prevailing Policy of the Company in this regard.
- ii. 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.

6. Role and functions of the Committee related to Remuneration

6.1. Remuneration for the Managing Director / Whole-time Director

The remuneration of the Managing Director/Whole-time Director who is full time employed with the Company will be determined by the Committee and recommended to the Board for approval, subject to the rights of SBI, as contained in the Articles of Association of the Company. The remuneration of the Managing Director / Whole-time Director shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever applicable / required.

- i. The remuneration payable to the Managing Director / Whole-time Director who are on deputation from SBI shall be in accordance with the policy of SBI in this regard and as per the provisions of the Companies Act, 2013, and the rules made there-under, which may be in force, from time to time.
- ii. Where any insurance is taken by the Company on behalf of its Directors, Managing Director, KMPs and SMPs 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.

6.2. Remuneration to KMPs and SMPs

- i. **Regular Pay:** The KMPs and SMPs including functional heads, shall be eligible for a monthly remuneration as per Company's HR Policy, which will consist of fixed and Performance based variable pay perquisites and statutory benefits to attract, retain and motivate KMPs and SMPs to attain the short and long term performance objectives of the Company. The KMP or SMP who is on deputation from SBI shall be eligible for remuneration as per the policy of State Bank of India in this regard.
- ii. **Performance based remuneration:** Subject to approval of the Board, in addition to fixed remuneration, to motivate executives to pursue the long term growth and success of the Company, KMPs and SMPs are entitled to receive performance based remuneration which shall be agreed upon between the KMP/SMP and Company as per Company's HR Policy and will be subject to provisions, if any, in Contribution Agreement entered into by the Company with external investors.
- iii. **Minimum remuneration:** If, in any financial year, the Company has no profits, or its profits are inadequate, it shall pay remuneration to its Managing Director /

Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

6.3. Remuneration to Independent Director

- i. **Sitting Fees:** The Independent Director shall receive remuneration by way of fees for attending meetings of Board or Committee thereof as approved by the Board, subject to the maximum limit prescribed by the Central Government from time to time.

7. Appointment and remuneration of other Employees of the Company

The terms of appointment and remuneration of employees of the Company (other than Managing Director, KMPs and SMPs including functional head) shall be governed by the Company's HR Policy and will be subject to provisions, if any, in Contribution Agreement entered into by the Company with external investors.

8. Delegation

The Committee or the Board of Directors may delegate one or more powers / responsibilities prescribed in this policy in favour of the Managing Director / Whole time Director or any other Officer of the Company for implementation of the policy.

9. Amendment

This policy may be amended, altered or modified by the Committee, if it deemed necessary, subject to approval of the Board.