

SBEC SYSTEMS (INDIA) LIMITED

NOMINATION AND REMUNERATION POLICY

PREAMBLE

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all the Directors, Key Managerial personnel and employees of the Company and in terms of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement (as amended from time to time), this policy on nomination and remuneration of Directors, Key Managerial personnel (KMP) and Senior Management has been formulated by of the Nomination and Remuneration Committee ("NRC") as approved by the Board of Directors of the Company.

CONSTITUTION OF COMMITTEE

The Board of Directors of the Company (the Board) constituted the Committee be known as the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than half are independent Directors. The Chairman of the Committee is an Independent Director. However, the Chairperson of the Company (whether executive or non-executive) may be appointed as member of the NRC but shall not chair such Committee.

OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement. The Key objectives of the Committee would be:

- 1.1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- 1.2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 1.3. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- 1.4. To provide Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 1.5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- 1.6. To devise a policy on Board diversity
- 1.7. To develop a succession plan for the Board and to regularly review the plan;

APPLICABILITY

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

DEFINITIONS

“Act” means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

“Board” means Board of Directors of the Company.

“Directors” mean Directors of the Company.

“Key Managerial Personnel” means

- i. Chief Executive Officer or the Managing Director or the Manager and in their absence, a whole time Director;
- ii. Chief Financial Officer;
- iii. Company Secretary;
- iv. such other officer as may be prescribed.

Policy 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, 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. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement he/ she shall be eligible for appointment for one more term of 5 years only.

-At the time of appointment of Independent Director it should be ensured that number of Boards 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 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.

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.

POLICY FOR REMUNERATION TO DIRECTORS/ KMPs/ 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 sitting fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made thereunder and Articles of Association of the Company or any other enactment for the time being in force.

3. Duties in Relation Nomination Matters

The duties of 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;
- Setting a formal and transparent procedure for selecting new Directors for appointment to 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.

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

REVIEW AND AMENDMENT

- The NRC or the Board may review the policy as and when it deems necessary.
- The NRC may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this policy, if it thinks necessary.

This Policy may be amended or substituted by the NRC 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.