

SNS PROPERTIES AND LEASING LIMITED

POLICY ON NOMINATION, REMUNERATION AND BOARD DIVERSITY

1. PREAMBLE

The Board of Directors of SNS Properties and Leasing Limited (the “Board”) on the recommendation of the Nomination & Remuneration Committee (the “Committee”) has approved and adopted this Nomination, Remuneration and Board Diversity Policy (the “Policy”) in compliance with the provisions of Section 178 of the Companies Act, 2013 read with the rules made thereunder (“the Act”).

2. OBJECTIVES

The objective of this Policy is to serve as a guiding charter to appoint qualified persons as directors on the board of directors of the Company (“Directors”), Key Managerial Personnel (the “KMP”), persons who may be appointed in senior management positions (“SMP”), to recommend the remuneration to be paid to them and to evaluate their performance. This Policy provides a framework for:

- a) Identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed as KMP, SMP in accordance with the criteria laid down, and recommend to the Board for their appointment and removal;
- b) Identifying the criteria for determining qualifications, positive attribute and independence of a director;
- c) Specifying framework for remuneration of Directors, KMPs and SMPs, based on factors including the Company’s size, financial position, trends and practices on remuneration prevailing in peer companies in the similar industry;
- d) Specifying the manner for effective evaluation of performance of the Board, Directors, KMPs, SMPs and persons in senior management position to be carried out either by the Board, by the Committee or by an independent external agency;
- e) Assessing the independence of independent Directors;
- f) Retaining, motivating and promoting talent and to ensure long term sustainability of talented persons and create competitive advantage;
- g) Such other key issues/matters as may be referred by the Board or as may be necessary in view of the provision of the Companies Act 2013 and Rules thereunder and the SEBI Listing Regulations, whenever applicable.

3. SCOPE OF THE POLICY

The policy shall be applicable to the following in the Company:

- Board of Directors
- Key Managerial Personnel
- Senior Management Personnel

“Board of Directors” or “Board”, in relation to a company, means the collective body of the Directors of the company;

“Key Managerial Personnel (KMP)” means Key Managerial Personnel as defined under sub-section (51) of Section 2 of the Companies Act, 2013 as under: (i) (ii) (iii) (iv) (v) (vi) the Chief Executive Officer or the Managing Director or the Manager; the Company Secretary; the Whole-time Director; the Chief Financial Officer; such other officer, not more than one level below the Directors who are in whole-time employment, designated as key managerial personnel by the Board; and such other officer as may be prescribed.

“Senior Management Personnel (SMP)/Senior Officials” 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/CEO/Whole Time Director including the Functional Heads.

Words and expressions not defined in this policy shall have the same meaning as contained in the Act and the Listing Regulations.

4. CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE (“NRC” OR “COMMITTEE”)

The NRC means a Committee of Directors constituted under Section 178 of Companies Act, 2013, read with rules made thereunder.

- i. The Board shall determine the membership of the Committee.
- ii. The Committee shall comprise of at least three members, all of whom shall be Non-Executive Directors, and not less than one-half shall be Independent Director.
- iii. One of the Independent Non-Executive Director shall be designated by the Board to serve as the Committee’s Chairman. Provided that the Chairperson of the listed entity, whether Executive or Non-Executive, may be appointed as a member of the Committee and shall not chair the Committee.

5. DIVERSITY IN COMPANY’S BOARD:

5.1 The Board of SNS Properties and Leasing Limited shall have an optimum combination of Executive & Non-executive Directors (including Independent Directors) considering the size and nature of the Company subject to minimum of 3 and maximum of 15 Directors including woman directors.

5.2 The Company aims to enhance the effectiveness of the Board by diversifying its composition and to obtain the benefit out of such diversity in the form of better and improved decision making. In order to ensure that the Company’s boardroom has appropriate balance of skills, experience and diversity of perspectives, the Committee shall consider candidates based on number of factors, including but not limited to knowledge, skills, professional experience & functional expertise, educational and professional background, personal accomplishment, age, understanding of the industry and the related fields viz. manufacturing, marketing, technology, finance, taxation, law, governance and other disciplines relevant to the business etc. and such other factors that the committee might consider relevant and applicable from time to time towards achieving a diverse Board.

6. QUALIFICATION AND IDENTIFICATION OF PERSONS WHO ARE QUALIFIED TO BE APPOINTED AS DIRECTORS, KMP AND SMP

6.1. While considering appointment/re-appointment of Directors, the Committee of the Company shall consider and evaluate number of factors including but not limited to Leadership/Operational Experience, Industry Specific Knowledge and Experience, Knowledge of Finance, Legal and Regulatory Matters,

Corporate Governance, Risk Management & Strategic Planning, & Personal Attributes such as Integrity, Accountability etc. & other disciplines relevant to the business and directorship or membership in other companies as well as independence of a director in case of appointment of an independent director.

6.2 The Committee shall ensure that the proposed director satisfies the conditions and criteria as specified for appointment/ re-appointment of a director in the Companies Act, 2013 read with rules made thereunder and the SEBI Listing Regulations.

6.3 The reappointment/extension of term of the board members shall be on the basis of their performance evaluation report.

6.4 While evaluating a person for appointment as KMP or as Senior Management Personnel (SMP), the management shall consider various factors including individual's background, competency, skills, educational and professional background, personal accomplishment, age, relevant experience and understanding of related field viz. manufacturing, marketing, technology, finance, taxation, law, governance or such other discipline relevant to present and prospective operations of the Company.

7. REMUNERATION OF EXECUTIVE, NON-EXECUTIVE DIRECTORS (INCLUDING INDEPENDENT DIRECTOR) AND OTHER EMPLOYEES OF THE COMPANY.

7.1 Board Members:

The overall limits of remuneration of the board members including executive board members are governed by the provisions of Section 197 of the Companies Act, 2013, rules made there under and shall be approved by the shareholders of the Company and shall be subject to availability of profits of the Company.

Within the overall limit approved by the shareholders, on the recommendation of the Committee, the Board shall determine the remuneration. The Board can determine different remuneration for different directors on the basis of their role, responsibilities, duties, time involvement etc.

7.2 Non-Executive Directors including Independent Directors:

- A Non-Executive director shall be entitled to receive sitting fees of such sum for each meeting of the Board or committee of the Board attended by him, as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;
- A Non-Executive Director will also be entitled to receive commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the Nomination and remuneration Committee;
- The total commission payable to the Non- Executive Directors shall not exceed 1% of the net profits of the Company.
- The Non-Executive Directors shall be entitled to reimbursement of travel, hotel and other incidental expenses incurred by them in performance of their role and duties.

7.3 Executive Board Members:

- The remuneration (including revision in the remuneration) of executive board members shall be approved by the Board on the basis of the recommendations of the Committee.
- The remuneration payable to executive directors may consist of (a) fixed pay, which is payable monthly, and may include basic pay, contributions to retirement benefits, house rent allowance or company leased accommodation, other allowances and perquisites as per the Company's policy (b)

Variable pay directly linked to the performance of the individual Director and the overall Company's performance (c) long term incentive/ ESOPs as may be decided by the Committee from time to time.

7.4 Remuneration to Key Managerial Personnel (Other than Managing Director and Whole-Time director), Senior Management and other employees

- The remuneration of key managerial personnel (other than managing director and whole-time director) and senior management personnel shall be approved by the Board on the basis of the recommendations of the Committee. The remuneration of other employees shall be as per appraisal policy of the Company.
- The remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, industry benchmark and prevailing compensation trends in the market.

8. PERFORMANCE EVALUATION:

The performance of the Board as a whole, of its committees and of its members shall be evaluated at least once a year.

It is the responsibility of the Chairman of the Company who shall be supported by the Company Secretary to organize the evaluation process and act on its outcome.

The results of board evaluation shall remain confidential between the Chairman, Directors concerned & the Company Secretary.

To carry out performance evaluation of Board, Committees and Directors, criteria to be considered would, inter-alia, include following:

8.1 Evaluation of the Board

- Frequency of meetings and procedures adopted;
- Development of suitable strategies and business plans at appropriate time and its effectiveness;
- Implementation of robust policies and procedures;
- Willingness to spend time and effort to learn about the Company and its business;
- Awareness about the latest developments in the areas such as corporate governance framework, financial reporting, industry and market conditions; and
- Attainment of Annual Operating Plans.

8.2 Evaluation of Committees

- Discharge of its functions and duties as per its terms of reference;
- Process and procedures followed for discharging its functions;
- Effectiveness of suggestions and recommendations received;
- Size, structure and expertise of the Committee; and
- Conduct of its meetings and procedures followed in this regard.

8.3 Evaluation of Non-Independent Directors

- Achievement of financial / business targets prescribed by the Board;
- Developing and managing/executing business plans, operational plans, risk management and financial affairs of the organization;

- Display of leadership qualities i.e. correctly anticipating business trends, opportunities, and priorities affecting the Company's prosperity and operations;
- Development of policies and strategic plans aligned with the vision and mission of the Company and which harmoniously balance the needs of shareholders, clients, employees and other stakeholders;
- Managing relationships with the Board, management team, regulators, bankers, industry representatives and other stakeholders; and
- Adherence to the code of conduct of the Company.

8.4 Evaluation of Independent Directors

- Participation at the Board / Committee meetings;
- Commitment (including guidance provided to senior management outside of Board/ Committee meetings);
- Effective deployment of knowledge and expertise;
- Effective management of relationship with stakeholders;
- Integrity and maintaining of confidentiality;
- Independence of behavior and judgment;
- Impact and Influence; and
- Adherence to the code of conduct of the Company.

9. DISCLOSURES BY THE COMPANY

This Policy shall be disclosed on the website of the Company and a web-link shall be provided in the annual report of the Company.

10. POLICY REVIEW

This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in the provisions of Companies Act, 2013 or any other regulations or as may be considered necessary by the Committee. Any changes or modification on the policy as recommended by the Committee shall require approval of the Board of Directors of the Company.

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