



# Nomination & Remuneration Policy

VERSION 1.0



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### Version Details

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**Introduction:**

In accordance with SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/24 dated February 06, 2023, read with comprehensive operating guidelines on enhanced obligations and responsibilities for Qualified Stock Brokers issued by NSE on June 01, 2023, Upstox Securities Private Limited (the “Company”) has adopted this Nomination & Remuneration Policy (the “Policy”) on appointment and remuneration of the Directors, Key Managerial Personnel, Compliance Officer and Senior Management.

The purpose of this Policy is to establish and govern the procedure applicable:

- a) To evaluate the performance of the members of the Board.
- b) To ensure remuneration to Directors, KMP and Senior Management is as per the HR Policy which may involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- c) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

The Committee should ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate all the employees of the quality required to run the Company successfully and the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

**Interpretation:**

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013 and the SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/24 dated February 06, 2023 read with comprehensive operating guidelines on enhanced obligations and responsibilities for Qualified Stock Brokers issued by NSE on June 01, 2023 and/or any other SEBI Regulations as amended from time to time.

## Objective

- a) To make recommendations to the Board in relation to appointment and removal of Directors, Key Managerial Personnel, Compliance Officer and Senior Management Personnel;
- b) To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- c) To specify the manner of the effective evaluate the performance of the members of the Board and provide necessary reports to the Board for further evaluation and to ensure relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- d) To make recommendations to the Board on remuneration payable to the Directors,

Key Managerial Personnel and Senior Management Personnel as per the HR Policy and to ensure that such remuneration 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.

## Definitions:

“Applicable Law” includes any statute, law, regulation, ordinance, rule, judgment, order, decree, bye-law, clearance, directive, guideline, notifications and clarifications or other governmental instruction and/or mandatory standards as may be applicable to the Company from time to time.

“Board” means Board of Directors of the Company. “Company” means “Upstox Securities Private Limited.”

“Employee” means any person who is in the permanent employment of the Company.

“Employees’ Stock Option” means the option given to the Directors, officers or employees of the Company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the Company at a future date at a predetermined price.

“Independent Director” means a director referred to in Section 149 (6) of the Companies Act, 2013 and in Regulation 16 of SEBI Listing Regulations.

“Key Managerial Personnel” (KMP) means persons referred to in Section 2(51) of Companies Act, 2013;

(i) Chief Executive Officer or the Managing Director or the Manager;

(ii) Company Secretary;

(iii) Whole-time Director;

(iv) Chief Financial Officer;

(v) 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

(vi) Such other officer as may be prescribed.

“Nomination and Remuneration Committee” shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/24 dated February 06, 2023 read with comprehensive operating guidelines on enhanced obligations and responsibilities for Qualified Stock Brokers issued by NSE on June 01, 2023.

“Policy or This 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.

“Service rules/HR Policy” means “Service Rules/HR Policy” as framed by the management which are applicable to all employees, as amended or modified from time to time by the management.

“Senior Management” 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 chief executive officer/managing director/whole time director/ (including chief executive officer/, in case they are not part of the Board) (except administrative support staff/executive assistants) and shall specifically include the Company Secretary and Chief Financial Officer.

## **Appointment And Removal:**

### **A. Appointment criteria and qualifications:**

1. The Board shall be comprised of the optimum number of Directors as is necessary to effectively manage the affairs of the Company. Subject to a minimum of 2 and maximum of 15, the Board shall have an appropriate combination of Executive, Nonexecutive, Independent and Woman Directors, as and when required.

2. 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. While evaluating a person for appointment / re-appointment, the management shall consider various factors including individual's background, competency, skills, abilities (viz. leadership, ability to exercise sound judgement), educational and professional background, personal accomplishment, age, relevant experience and understanding of related field viz. marketing technology, finance or such other discipline relevant to present and prospective operations of the Company.
3. A person should possess adequate qualifications, 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 are sufficient / satisfactory for the concerned position.
4. Any appointment or continuation of the employment of any person as Managing Director/Whole-time Director/Manager who has attained the age of seventy years will be subject to the approval of the shareholders by passing a special resolution or such other provisions of the Companies Act, 2013 and rules made thereunder read with SEBI Listing Regulations as amended from time to time.
5. The appointee while continuing in his / her office shall not engage in any business or commercial activity, which might detrimentally conflict with the interest of the Company.
6. For appointment of every independent director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description.
7. For the purpose of identifying suitable candidates for appointment of an independent director, the Committee may:
  - i) use the services of an external agencies, if required;
  - ii) consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - iii) consider the time commitments of the candidates

**B. Evaluation:**

The Committee shall carry out an evaluation of the performance of every Director, KMP and Senior Management at regular intervals (preferably yearly)

**C. Removal:**

Owing to reasons for any disqualification mentioned in the Companies Act, 2013 ('Act'), 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 Directors, KMP and Senior Management subject to the provisions and compliances of the said Act, rules and regulations made thereunder and Service rules/HR Policy of the Company as prevalent at that time, as applicable.

**D. Retirement:**

The Managing Director / Executive Director / Whole Time Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing Policy of the Company. The Board will have the discretion to retain the Managing Director / Executive Director / Whole Time director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company subject to such approvals as may be required in this regard.

**Provisions Relating to Remuneration:****A. General:**

1. The remuneration / compensation / commission etc. to Directors, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and such other approvals, as may be required by the Companies Act, 2013 and SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/24 dated February 06, 2023 read with comprehensive operating guidelines on enhanced obligations and responsibilities for QSBs issued by NSE on June 01, 2023.
2. The remuneration and commission to be paid to Directors shall be in accordance with provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force, if applicable and in accordance with and subject to the relevant provisions of the Articles of Association of the Company.

3. Increments to the existing remuneration / compensation structure of the Directors may be recommended by the Committee to the Board which should be within the slabs approved by the shareholders wherever applicable.
4. Where any insurance is taken by the Company on behalf of its Managing Director, Executive / Whole Time Directors, KMP, Senior Management and any other employees 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.
5. All the Directors shall be entitled to reimbursement of reasonable expenditure incurred by him/her for attending Board/Committee meetings, general meetings, court convened meetings, meetings with shareholders/creditors/management, site visits, induction and training programmes and in obtaining professional advice from independent advisors in the furtherance of his/her duties as a director.

#### B. Remuneration to Non-Executive and Independent Directors:

1. **Remuneration / Commission:** The Committee may recommend the payment of remuneration / commission in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder wherever applicable and SEBI Listing Regulations, as may be amended from the time being in force.
2. **Sitting Fees:** The Non- Executive including the Independent Directors may receive remuneration by way of fees for attending meetings of Board and its Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee(s).
3. **Limits on Commission:** Commission may be paid within the monetary limit approved by Shareholders, from time to time, subject to the limits computed as per the applicable provisions of the Companies Act, 2013.
4. **Stock Options:** An Independent Director shall not be entitled to any stock option of the Company.
5. **No profits or Inadequacy of profits:** In case of no profits or inadequacy of profits during a financial year, the remuneration payable to Non-Executive Directors including Independent Directors of the Company, shall be subject to the limits prescribed under the Act.

6. The sitting fee shall be payable immediately after the board / board committee meeting to those directors who attend the meeting, the Commission shall be payable at the end of the financial year after approval of the annual financial statements by the Board of directors.
7. The Non-Executive Directors shall be entitled to receive such amount as may be approved by the Board for any other services rendered in a professional capacity.

#### C. Executive / Whole Time Directors:

1. **Appointment/ Re-appointment, Remuneration and Terms and Conditions:** Appointment and re-appointment, if any, of Executive Directors/ Whole Time Directors including remuneration and other terms and conditions thereof shall be in accordance with the provisions of Section 196, of the Companies Act, 2013 read with Rules made thereunder. The Committee will recommend the appointment or re- appointment, if any, of any of the Executive/ Whole time Directors to the Board and same will be approved by the shareholders by passing necessary resolution(s), as may be applicable. The components of remuneration package as per HR Policy of the Company.
2. **Minimum Remuneration:** If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive/ Whole Time Directors in accordance with the applicable provisions of the Companies Act, 2013

#### D. Key Managerial Personnel (KMP) and Senior Management:

Remuneration of KMP and Senior Management Personnel should be recommended by the Nomination and Remuneration Committee and subsequently approved by the Board of Directors. The remuneration should be evaluated annually against the performance of the Company, individual performance/ contribution. The remuneration of KMP and Senior Management Personnel may be as per the HR Policy of the Company.

#### E. Other Employees:

The remuneration, including revision of the remuneration of other employees, shall be decided by the Human Resources Department within the overall framework of compensation and appraisal policy of the Company.

**Assistance From Outside Agency:**

The NRC may take the assistance of External expert/agency as and when required to ensure that recommendations are based on rationale as also parameter to judge the performance level through a process.

**Amendments/Revision**

The nomination & Remuneration Committee shall monitor and periodically review the policy and recommend the necessary changes to the Board for its approval.

The Board shall have power to amend any of the provisions of this policy, substitute any of the provisions with a new provision or replace this policy entirely with new Policy.