

**SPENCER'S RETAIL LIMITED**  
**(Formerly known as RP-SG Retail Limited)**

**REMUNERATION POLICY**

**A. Introduction:**

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, key managerial personnel and employees of the company, to harmonize the aspirations of human resources consistent with the goals of the company and in terms of the provisions of the Companies Act, 2013 and the Listing Agreement with the stock exchanges (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 the Nomination and Remuneration Committee and approved by the Board of Directors of the Company.

**B. Definitions**

**'Act'** means Companies Act, 2013 and rules thereunder.

**'Board of Directors' or 'Board'**, in relation to the Company, means the collective body of the directors of the Company.

**'Committee'** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board

**'Company'** means Spencer's Retail Limited.

**'Directors'** means Directors of the Company.

**'Executive Directors'** means personnel as such holding senior managerial position in the Company.

**'Independent Director'** means a director referred to in Section 149 (6) of the Companies Act, 2013.

**'Key Managerial Personnel'** (KMP) means:

- a. Managing Director
- b. Chief Financial Officer
- c. Company Secretary
- d. 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

e. such other officer as may be prescribed

**'Ministry'** means the Ministry of Corporate Affairs.

**'Senior Management Personnel'** for this purpose shall mean employees of the company who are members are in the level of Executive Directors and Vice Presidents of the Company.

**'Vice Presidents'** means personnel as such holding senior managerial position of the Company.

### **C. Objective of the policy**

The policy is framed with the objective(s) of facilitating the following:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial and Senior Management Personnel.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial personnel and create competitive advantage.

### **D. Policy for Appointment And Removal Of Director, KMP And Senior Management**

#### **1. Appointment Criteria and Qualifications**

- a) The Committee shall identify and ascertain the 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 being 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 in such suitable cases as may be determined by the Committee.

## **2. Term / Tenure**

The Company shall not appoint a person or continue the directorship of any person as a non-executive director who has attained the age of 75 years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.

### **a) Managing Director:**

The Company shall appoint or re-appoint any person as its Managing Director for a term not exceeding five years at a time.

### **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 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 intervals.

Provided that the evaluation of independent directors shall be done by the entire board and shall include the performance of the directors and fulfilment of the independence criteria required under applicable law. The independent directors subject to evaluation shall not participate in such evaluation.

#### **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.

### **E. Policy for Remuneration of Director, KMP And Senior Management**

#### **i) Remuneration to Managing Director**

- The remuneration paid to the Managing Director is recommended by the Committee and approved by the Board in the Board meeting, subject to the subsequent approval by the shareholders at the general meeting and such other authorities, as the case may be.
- At the Board meeting, only the Non-Executive and Independent Directors participate in approving the remuneration paid to any executive director. The remuneration is arrived by considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry and the financial position of the company.
- The fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders in a meeting if:(a) the annual remuneration payable to such executive director exceeds Rs. 5 crore or 2.5% of the consolidated net profits of the company, whichever is higher; or (b) where there is more than one such director, the aggregate annual

remuneration to such directors exceeds 5% of the consolidated net profits of the company. Provided that the expiry of this approval would be valid only till the expiry of the term of such director.

**ii) Remuneration to Non-Executive & Independent Directors**

- The Non-Executive Directors and Independent Directors of the company would be paid sitting fees of INR 1,00,000 for each meeting of the Committees and Board and its Committees or such higher amount as applicable from time to time.
- The Non-Executive and Independent Directors may also be entitled to remuneration by way of such commission on profits pursuant to the provisions of the Act for a financial year as may be decided by the Board and approved by the shareholders of the Company from time to time in addition to the sitting fees for attending the meetings of the Board and any Committee thereof.
- The Non-Executive and Independent Directors are also entitled to reimbursement of travel, hotel and other incidental expenses incurred by you in the performance of your role and duties.
- An Independent Director shall not be entitled to any stock option if announced by the Company.
- The approval of the Shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds 50% of the total annual remuneration payable to all non-executive directors, giving details of remuneration thereof.

**iii) Remuneration for Key managerial personnel, senior management and covenanted employee**

The Remuneration to be paid to KMPs/ Senior Management Personnel/ covenanted employee shall be based on the experience, qualification and expertise of the related personnel and governed by the limits, if any, prescribed under the Act and rules made thereunder or any other enactment for the time being in force.

**iv) Remuneration for Non Covenanted Employee**

Wages of Non Covenanted Employees are fixed in accordance with the decisions of the Board of Directors in consultation with the Nomination and Remuneration Committee of the Board from time to time .

**F. Amendments to the Policy**

The Board on its own and / or as per the recommendations of the Committee can amend this Policy, as and when deemed fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

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