

## **NOMINATION AND REMUNERATION POLICY**

This Nomination and Remuneration Policy has been formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto as amended from time to time. This policy on nomination, remuneration and evaluation of performance of Directors, Key Managerial Personnel and Senior Management Personnel has been formulated by the Nomination and Remuneration Committee (NRC) and has been approved by the Board of Directors.

### **DEFINITIONS**

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

**“Committee”** means the Nomination and Remuneration Committee (NRC) of the Board of the Directors of the Company as constituted or reconstituted from time to time in accordance with the applicable provisions of the Companies Act, 2013.

**“Key Managerial Personnel”** in relation to the Company means:

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

**“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.

**“Senior Management Personnel”** mean personnel of the company who are members of the core management team excluding the Board of Directors comprising of all members of management one level below the executive directors, including all the Functional Heads/Departmental Heads.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013 or the Rules made thereunder (as may be amended from time to time) shall have the meaning respectively assigned to them in the Companies Act, 2013 and the Rules made thereunder.

## **OBJECTIVE AND ROLE OF THE BOARD**

The Board will be responsible for:

- 1) Approving the selection/ recruitment of Directors and Key Managerial Personnel based on the recommendations of the NRC.
- 2) Approving, if required by law, the appointment of Senior Management Personnel in accordance with the Criteria laid down by the NRC.
- 3) Approving the remuneration for Directors, Key Managerial and Senior Management Personnel based on the recommendations of the NRC, prevailing market conditions, performance of the individual and the business strategies and objectives of the Company.
- 4) Carrying out the performance evaluation of the Board of Directors and Committees of Directors as per the evaluation framework recommended by the NRC and approved by it.

## **ROLE OF THE COMMITTEE**

The terms of reference of the NRC will be the following:

- The Committee will be responsible for the monitoring, implementation and review of this policy.
- To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- To identify persons who are qualified to become Directors and Key Managerial Personnel in accordance with the criteria laid down in this policy and recommend their appointment to Board.
- To recommend to the Board the criteria for selection of Senior Management Personnel.
- To formulate criteria for evaluation of the Board of Directors and various Committees of the Board.
- To carry out evaluation of Directors performance.
- To recommend to the Board on to remuneration for Directors, Key Managerial and Senior Management Personnel.
- Succession planning for replacing Key Executives and overseeing the Implementation of the same.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory guidelines, notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

## **APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL/ ENTITY HEADS**

- a) The NRC shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director and Key Managerial Personnel and recommend his /her appointment, as per the Company Policy. Similarly, for appointments to Senior Management, the person to be recruited shall have the qualification requisite for the role and should be one of integrity and expertise.
- b) The NRC has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
- c) The NRC shall ensure that the person to be appointed as Director/ Managing Director/ Whole-Time Director does not suffer from any disqualification stipulated and possesses all the

qualifications stipulated under the Companies Act, 2013. Wherever required, any such appointment shall be made with requisite approval of the Central Government.

- d) The Company shall not appoint or continue the employment of any person as Managing Director, Whole-time Director or Manager 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.
- e) Each Executive Director will enter into a contract with the Company clearly setting out the terms and conditions and the remuneration package for that person. The contract will set out the expectations for the performance of the role and criteria for assessment. The NRC and the Board must approve all such contracts.
- f) Independent Directors shall be issued a letter of appointment containing the terms and conditions of appointment, expectations from them and the benefits available for such Independent Directors.
- g) Key Managerial and Senior Management Personnel will be issued a Letter of Appointment clearly setting out the terms and conditions and the remuneration package. This appointment will be accompanied with a detailed Job Description stating the Key Responsibility Areas (KRAs) of that respective person. The Executive Director or Chief Executive Officer must approve such appointment letter and the same will be governed by the Company's HR policy.

## **TERM / TENURE**

### **a) Managing Director/Whole-time Director or Manager:**

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:**

- i) 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 an appropriate resolution by the Company and disclosure of such appointment in the Board's report.
- ii) 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.
- iii) 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.
- iv) At the time of appointment of Directors (including Independent Directors), it should be ensured that the persons proposed to be appointed as Directors (including Independent Directors) do not hold Directorship exceeding the maximum number of directorships a person can hold as per applicable laws.
- v) The continuation of the term of an Independent Director is subject to the outcome of the annual evaluation process of the Director.

**c) Key Managerial and Senior Management Personnel:**

Appointment as Key Managerial Personnel shall be without any time limit and as per the terms mentioned in the appointment letter. However, the maximum age for retirement of Key Managerial Personnel shall be as per the policy applicable for all the other employees of the Company. The Committee shall have the full freedom to recommend the removal of any Key Managerial Personnel if performance evaluation is found unsatisfactory.

**REMOVAL**

The Committee may recommend with reasons recorded in writing, removal of a Director and Key Managerial or Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013, rules and regulations and the policy of the Company.

**RETIREMENT**

The Director and Key Managerial or Senior Management Personnel shall retire as per the prevailing HR policy of the Company and any applicable statute. The Board will have the discretion to retain the Director and Key Managerial or 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 / KMP / SENIOR MANAGEMENT PERSONNEL / OTHER EMPLOYEES**

1) Remuneration to Managing Director / Whole-time Directors:

- a) The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, 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 and the approvals obtained from the Members of the Company.
- b) The NRC shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.
- c) The Board in consultation with the NRC will from time to time determine the fixed remuneration level for Managing/ Whole-time Directors. Such remuneration levels will be determined according to industry standards, market conditions and scale of the Company's business relating to the position.
- d) The Board in consultation with the NRC may determine performance linked incentive designed to create a strong relationship between performance and remuneration. However, such remuneration shall be within the limits specified by the Act.
- e) Termination benefits shall be as per the terms specified in the Contract.

2) Remuneration to Non- Executive / Independent Directors:

- a) The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the NRC and approved by the Board of Directors.

- b) The remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the NRC and approved by the Board of Directors or shareholders, as the case may be.
- c) An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share-based payment schemes of the Company.
- d) The Board in consultation with the NRC will from time to time determine the Commission payable to Non-Executive Directors/Independent Directors. Such Commission shall be within the limits specified by the Act/ approved by Shareholders. The actual commission will be determined according to industry standards, relevant laws and regulations, labour market conditions and scale of the Company's business relating to the position.

3) Remuneration to Key Managerial and Senior Management Personnel:

The remuneration to Key Managerial and Senior Management Personnel shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.

## **EVALUATION**

1) Evaluation of Managing Director / Whole-time Directors / Non-Executive/ Independent Directors:

- a) The NRC shall carry out evaluation of performance of Managing Directors/ Whole-time Directors at yearly intervals or at such intervals as may be considered necessary. Evaluation of Non-Executive/Independent Directors to be carried on a yearly basis.
- b) The NRC shall recommend the performance evaluation criteria for Board approval. The evaluation criteria shall comprise the framework of evaluation applicable for Directors

(including the Chairman and Independent Directors), the Board as a whole and various Committees of Directors.

2) Evaluation of Key Managerial and Senior Management Personnel:

- a) Remuneration of Key Managerial and Senior Management Personnel shall be reviewed on an annual basis. A formal annual evaluation process is applicable to all employees including Key Managerial and Senior Management Personnel as per company's policy. Increase in remuneration shall be effected based on the evaluation parameters (KRA's) of Key Managerial and Senior Management Personnel who shall be subject to annual evaluation process based on these parameters.
- b) A report on annual performance evaluation of the Key Managerial and Senior Management Personnel shall be placed before the NRC for suitable recommendations to the Board, if needed.

## **IMPLEMENTATION**

- The NRC may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- The NRC may delegate any of its powers to one or more of its members.
- Any deviance from the policy shall be recorded and reasoned in the Board's minutes.