

# NOMINATION AND REMUNERATION POLICY

## 1. INTRODUCTION

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

## 2. EFFECTIVE DATE

This policy was approved by the Board of Directors at its meeting held on January 14, 2016 and the same was applicable to the Company from the date of its listing with BSE Ltd. (BSE) and National Stock Exchange of India (NSE) i.e. with effect from May 16, 2016

This policy was subsequently revised by the Board of Directors at its meeting held on February 02, 2019 and the same shall be effective with effect from April 01, 2019.

BSE and NSE are hereinafter together referred to as “the stock exchanges”.

## 3. DEFINITIONS

“**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;

“**Key Managerial Personnel**” means:

1. the Managing Director, or the Chief Executive Officer or the Manager
2. the Company Secretary;
3. the Whole Time Director;
4. the Chief Financial Officer;

5. 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
6. such other officer as may be prescribed. "senior management" shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the "chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.

#### **4. OBJECTIVES**

The objective of the policy is to ensure that

1. 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;
2. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
3. Remuneration to directors, key managerial personnel and senior management 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.

Provided that such policy shall be placed on the website of the company, if any, and the salient features of the policy and changes therein, if any, along with the web address of the policy, if any, shall be disclosed in the Board's report.

#### **5. ROLE OF THE COMMITTEE:**

The role of the NRC will be the following:

1. Formulating the criteria for determining qualifications, positive attitudes and independence of director and recommending to the Board a policy, relating to the remuneration of the Directors, key managerial personnel and other employees;
2. Formulating of criteria for evaluation of performance of independent directors and the Board of Directors;
3. Devising a policy on Board Diversity;

4. Identifying persons who qualify to become directors who may be appointed in senior management in accordance with the criteria laid down and recommending to the Board their appointment and removal, and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
5. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
6. recommend to the board, all remuneration, in whatever form, payable to senior management.]
7. Analysing monitoring and reviewing various human resources and compensation matters;
8. Determining of Company's policy on specific remuneration package for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
9. Determining compensation levels payable to the key management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of fixed and variable component;
10. Reviewing and approving compensative strategy from time to time in the context of the current Indian market in accordance with applicable laws;
11. Performing such functions as are required to be performed by the Compensation Committee under the Security Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 or the Securities and Exchange Board of India (Share Based Employees Benefits) Regulations, 2014, as applicable;
12. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India and overseas, including (i) The Securities Exchange Board of India (Prohibition of Insider Trading) Regulation 2015, as applicable, and (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulation 2003.

13. Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee.

## **6. APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT**

1. 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 his / her appointment, as per Company's Policy.
2. A person should possess adequate qualification, expertise and experience for the position he / she is being considered while appointing. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
3. The Company shall not appoint or continue the employment of any person as Managing Director or 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.
4. 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 seventy five 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.

## **7. TERM / TENURE**

### **a. Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its 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 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 / Managing Director of a listed company or such other number as may be prescribed under the Act.

## **7. EVALUATION**

The Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance"

## **8. REMOVAL**

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

## **9. 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.

## **10. POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL:**

### **a. Remuneration to Managing Director / Whole-time Directors:**

1. 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.
2. The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

### **b. Remuneration to Non- Executive / Independent Directors:**

1. Overall remuneration should be reflective of the size of the Company, complexity of the sector/industry/company's operations, company's capacity to pay the remuneration and applicable provisions, rules under Companies Act 2013 and amendments thereto.
2. Independent Directors ("ID") and Non-Independent Non- Executive Directors ("NED") may be paid sitting fees for attending the meetings of the Board and of committees of which they may be members. As of now there is no provision for payment of commission. In future if any will be within regulatory limits and shall be based on Company's performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided and approved by the Board. Quantum of sitting fees may be subject to review on a periodic basis, as required. Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the Nomination and Remuneration Committee and approved by the Board.
3. Overall remuneration (sitting fees and commission- if any) should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the

Company (taking into consideration the challenges faced by the Company and its future growth imperatives).

4. Overall remuneration practices should be consistent with recognized best practices.
5. In addition to the sitting fees, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/her role as a Director of the Company. This could include reasonable expenditure incurred by the Director for attending Board/Board committee meetings, general meetings, court convened meetings, meetings with shareholders/creditors/management, site visits and induction and training organised by the Company for Directors.

**c. Remuneration to Key Managerial Personnel and Senior Management:**

1. The remuneration to Key Managerial Personnel and Senior Management 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.
2. The Compensation Committee of the Company renamed as Nomination and Remuneration Committee, constituted for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share based payments to be made to Key Managerial Personnel and Senior Management.
3. The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from to time.
4. The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

## **11. QUORUM**

1. The quorum for a meeting of the nomination and remuneration committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance
2. The nomination and remuneration committee shall meet at least once in a year

## **12. REVIEW AND AMENDMENT**

1. The NRC or the Board may review the Policy as and when it deems necessary.
2. The NRC may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
3. 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.

## **13. SCOPE AND LIMITATION**

In the event of any conflict between the provisions of this Policy and the Listing Regulations/Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations/Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.