

## **POLICY ON NOMINATION AND REMUNERATION**

### **INTRODUCTION:**

This Nomination cum Remuneration Policy ("Policy") has been formulated pursuant to section 178 of the Companies Act, 2013 read with applicable rules made thereunder (collectively, the "Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), as amended from time to time.

The Policy is intended to set out criteria to pay equitable remuneration to the Directors, Key Managerial Personnel (KMP), senior management (as defined below) and other employees of the Company and to harmonize the aspirations of human resources with the goals of the Company.

The Policy has been adopted by the Board of Directors of the Company ("Company").

### **OBJECTIVE AND PURPOSE:**

The objectives and purpose of this Policy are:

- To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a director (executive/non-executive/independent) of the Company ("Director"); and
- To recommend policy relating to the remuneration of the Directors, KMP and Senior Management to the Board of Directors of the Company ("Board"). This includes reviewing and approving corporate goals and objectives relevant to the compensation of the executive Directors, evaluating their performance in light of those goals and objectives and either as a committee or together with the other independent Directors (as directed by the Board), determine and approve executive Directors' compensation based on this evaluation; making recommendations to the Board with respect to KMP and Senior Management compensation and recommending incentive-compensation and equity-based plans that are subject to approval of the Board.

### **CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE**

The Board has constituted the "Nomination and Remuneration Committee" ("Committee") of the Board in line with the requirements under the Companies Act, 2013 ("Act") and SEBI (LODR) Regulations, 2015. This Policy and the Nomination and Remuneration Committee Charter are integral to the functioning of the Nomination and Remuneration Committee and are to be read together.

The Committee shall consist of 3 (three) or more non-executive directors out of which at least 2/3 of the directors shall be independent directors.

The Chairperson of the Nomination and Remuneration Committee shall be an Independent Director. The Chairperson of the listed entity, whether executive or non-executive, may be appointed as a member of the Nomination and Remuneration Committee and shall not chair such Committee.

The Board has authority to reconstitute this Committee from time to time.

## DEFINITIONS

- a) 'Board' means Board of Directors of the Company.
- b) 'Directors' means directors of the Company.
- c) 'Committee' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable Listing Regulations.
- d) 'Independent Director' means a Director referred to in Section 149(6) of the Companies Act, 2013 and rules.
- e) 'Key Managerial Personnel (KMP)' means:
  - i) the Managing Director or Chief Executive Officer or manager
  - ii) Whole-time Director
  - iii) the Company Secretary;
  - iv) the Chief Financial Officer; and
  - v) Any other person as defined under the Companies Act, 2013 from time to time.
- f) 'Senior Management' shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the 109[persons identified and designated as key managerial personnel, other than the board of directors, by the listed entity.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013 and Listing Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.

## GENERAL

This Policy is divided in three parts: -

Part – A covers the matters to be dealt with and recommended by the Committee to the Board;  
Part – B covers the appointment and removal of Directors, KMP and Senior Management; and  
Part – C covers remuneration for Directors, KMP and Senior Management

### **Part – A: Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee**

The following matters shall be dealt with by the Committee:

- a) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- b) Formulation of criteria for evaluation of Independent Directors and the Board;

- c) Devising a policy on Board diversity;
- d) Identify persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance. The company shall disclose the remuneration policy and the evaluation criteria in its annual report;
- e) Analysing, monitoring and reviewing various human resource and compensation matters;
- f) Determining our Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment, and determining remuneration packages of such Directors;
- g) Determine compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;
- h) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
- i) Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
  - (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as and when the same come into force; or
  - (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003;
- j) 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;
- k) Perform 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 such committee;
- l) Implementation of decisions regarding allotment of ESOP Shares; if any;
- m) Recommend to the Board, all remuneration, in whatever form, payable to Directors and Senior Management;
- n) To satisfy itself with regard to succession planning, that the processes and plans are in place with regard to the Board & senior management; and
- o) To perform such functions or duties as may be prescribed under the Companies Act, 2013, the SEBI Listing Regulations and any other applicable laws from time to time and discharge such other functions as may be specifically delegated to the Committee by the Board from time to time

**PART – B: Policy for appointment and removal of Directors, KMP and Senior Management**

- a) Appointment criteria and qualifications
  - 1. The Committee shall ascertain the integrity, qualification, expertise and experience of the person identified for appointment as Director, KMP or Senior Management and recommend to the Board his/her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.

2. A person to be appointed as Director, KMP or Senior Management should possess adequate qualification, expertise and experience for the position he / she is considered for.
3. A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise and insights in sectors / areas relevant to the Company, ability to contribute to the Company's growth and complementary skills in relation to the other Board members.
4. The Company shall not appoint or continue the employment of any person as Managing Director / executive Director who has attained the age of sixty years and shall not appoint Independent Director who has attained the age of seventy-five years. Provided that the term of the person holding this position may be extended at the discretion of the committee beyond the age of sixty years/seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond sixty years/seventy-five years as the case may be.
5. A whole-time KMP of the Company shall not hold office in more than 1 (one) company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of the Company.

b) Term / Tenure

1. Managing Director / Whole-time Director

The Company shall appoint or re-appoint any person as its Managing Director and CEO or Whole-time 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.

2. Independent Director

An Independent Director shall hold office for a term up to 5 (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 2 (two) consecutive terms, 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 3 (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 applicable regulations in force.

c) Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013, 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 Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

d) Retirement

The Directors, 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 Directors, KMP and Senior Management in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

**PART – C: Policy relating to the remuneration for Whole-time Directors, KMP and Senior Management**

The Company's Remuneration Policy is aimed to attract and retain the best talents by ensuring a fair, transparent and equitable remuneration to employees and Directors, based inter alia on individual job requirements, responsibilities, commensurate qualifications of individuals, experience, the performance of the Company and the performance / contribution of the individual employee. The policy enables a framework that allows for fair rewards for the achievement of key deliverables, in line with industry and Group practice.

The Company follows a compensation mix of fixed and performance linked variable pay. Individual performance pay is measured through a structured and transparent appraisal process.

a) Executive Director (ED) / Whole-time Director (WTD)

- When determining the remuneration for the ED / WTD the Company will take into account the market sector that it operates, business performance and the practices in other comparable Companies including global companies when appropriate.
- The Company pays remuneration by way of Salary, Perquisites and performance linked variable pay to its ED/ WTD, within the overall ceiling limits approved by the Shareholders of the Company, subject to the provisions of the Companies Act, 2013 from time to time. The Nomination & Remuneration Committee recommends the performance linked variable pay, payable to the ED/ WTD based on the profits for the financial year and as per the policy of the Group, based on the performance of the Company as well as that of the ED / WTD and as prescribed under the Companies Act and within overall limits approved by the shareholders. The Board of Directors approves the variable pay payable

for the year based on the recommendations of the Nomination & Remuneration Committee.

- The fees or compensation payable to executive directors, if any; who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if-
  - i. the annual remuneration payable to such executive director exceeds rupees 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or
  - ii. where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity.
- The Company also extends other perquisites as is applicable to the Senior Management Personnel of the Company and as per the Policy of the Company as may be approved by the Nomination & Remuneration Committee / Board of Directors from time to time.

**b) Non-Executive & Independent Directors**

The Company currently pays sitting fees for attending the meetings of the Board / Committees thereof, which includes Audit Committee / Nomination & Remuneration Committee / CSR Committee and Stakeholder's Relationship Committee. Any change in this fee would have to be approved by the Board of Directors within the limits and provisions of the Companies Act, 2013.

The Board of Directors may also, subject to the approval of the members in the General Meeting, approve the payment of Commission to Non-Executive & Independent Directors within the overall ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Companies Act. The actual commission payable is decided for the year by the Board of Directors, based on and guided by varying commitments of time, contribution and participation in various Committees.

The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings as and when applicable. However, the Independent Directors shall not be entitled to any stock incentives that may be given by the Company.

Stock incentive: The Independent Directors shall not be entitled to any stock incentive of the Company

**c) Key Managerial Personnel (KMP) & Senior Management Personnel (SMP)**

KMP as defined in the Companies Act, includes the Chief Executive Officer, Chief Financial Officer and the Company Secretary. The Senior Management Personnel are all those Executives who directly report to the MD / ED / WTD / CEO i.e. one level below the Board of Directors.

The Compensation package to the KMPs and the SMPs will comprise:

- Salary and applicable allowances. The annual salary revision for members of the KMPs and SMPs will be subject to approval by the Nomination and Remuneration Committee.
- A performance linked variable pay, based on the performance of the Company and the concerned individual, within the Group's overall Policy on variable pay.
- Applicable Perquisites based on HR policies.
- Pension and other retiral benefits in accordance with the relevant statutes.
- Any other perquisite in accordance with the Policy of the Company and as approved by the Nomination & Remuneration Committee / Board of Directors, from time to time.

## **REVIEW**

- a) In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.
- b) 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 regulations or as may be felt appropriate by the Committee. Any changes or modification to the policy as recommended by the Committee would be placed before the Board of Directors for their approval.