

# **NOMINATION & REMUNERATION POLICY**

**Approved by:**

- (i) Nomination & Remuneration Committee Meeting dated – 01<sup>st</sup> September, 2021**
- (ii) Board Meeting dated – 01<sup>st</sup> September, 2021**

# **NOMINATION & REMUNERATION POLICY**

## **I. INTRODUCTION**

Pursuant to Section 178 of the Companies Act, 2013 (“the Act”) (as amended from time to time), the Board of Directors of the Company shall constitute the Nomination and Remuneration Committee comprising of at least three non-executive Directors out of which not less than one half are independent directors as required under the Act. The Chairman of the Company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not Chair such Committee.

This Committee and the Policy is formulated in compliance with Section 178 of the Act read along with the applicable rules thereto.

## **II. OBJECTIVE**

The objective of this Policy is to lay down a framework in relation to remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management. The Key Objectives of the Committee would be:

- 1) To guide the Board in relation to appointment and removal of Directors, KMP and Senior Management.
- 2) 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 Directors, KMP and other employees.
- 3) Formulation of criteria for evaluation of Independent Director and the Board.
- 4) To evaluate the performance of the members of the Board.
- 5) To recommend to the Board on Remuneration payable to the Directors, KMP and Senior Management.
- 6) To provide to KMP and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company’s operations.
- 7) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- 8) To devise a policy on Board diversity.

## **III. APPLICABILITY**

The Policy is applicable to:

- 1) Directors (Executive and Non-Executive);
- 2) Key Managerial Personnel (KMPs);
- 3) Senior Management Personnel (SMPs); &

## **IV. ROLE OF THE COMMITTEE**

The role of the Committee inter alia will be the following:

- 1) Formulate criteria to qualify individuals who may become Director or who may be appointed in senior management level of the Company and recommend to the Board of such appointments and removal.
- 2) Carry out performance evaluation of all Directors and Board.
- 3) Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- 4) Recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and Senior Management. The Policy shall be referred as Nomination and Remuneration Policy.
- 5) To decide on the commission payable to the Directors within the prescribed limit and/or as approved by the shareholders of the Company.
- 6) To devise the Policy on Board's diversity.
- 7) To formulate, implement and administer Employee Stock Option Scheme(s) of the Company and grant stock options to the employees.
- 8) To recommend to the Board, all remuneration, in whatever form, payable to Senior Management.
- 9) To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- 10) To decide whether to extend or continue the term of appointment of the independent director on the basis of report of performance evaluation of independent director.

#### **V. MEMBERSHIP OF THE COMMITTEE**

- 1) The Committee shall comprise of at least three (3) Directors, all of whom shall be non-executive Directors and at least half shall be Independent. The Chairman of the Company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee.
- 2) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Act and such other applicable statutory requirement.
- 3) Minimum two (2) members or one third of the members of the Committee, whichever is greater, including at least one independent director in attendance shall constitute a quorum for the Committee meeting.
- 4) Membership of the Committee shall be disclosed in the Annual Report.
- 5) Term of the Committee shall be continued unless terminated by the Board of Directors.

#### **VI. CHAIRMAN**

- 1) Chairman of the Committee shall be an Independent Director.

- 2) Chairperson of the Company may be appointed as a member of the Committee but shall not Chair the Committee.
- 3) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- 4) Chairman of the Nomination and Remuneration Committee should be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

## **VII. FREQUENCY OF MEETINGS**

The meeting of the Committee shall be held at least once in a year.

## **VIII. MINUTES OF COMMITTEE MEETING**

Proceedings of all meetings must be minuted and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee Meeting will be tabled at the subsequent Board and Committee meeting.

## **IX. COMMITTEE MEMBERS' INTERESTS**

- 1) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- 2) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

## **X. VOTING**

- 1) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- 2) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## **XI. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT**

### **1) Appointment criteria and qualifications:**

- a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or Senior Management and recommend to the Board his/her appointment.
- b. A person should possess adequate qualification, 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.

### **2) Term/Tenure:**

- a. **Managing Director/Whole-time Director/Manager (Managerial Person):**

- The Company shall appoint or re-appoint any person as its Managerial Person 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 shall be made in the Board's Report of the Company.

- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for re-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 re-appointed in or be associated with the Company in any other capacity, either directly or indirectly.

**c. Evaluation:**

The performance evaluation shall be carried out as given below:-

<b>Performance Evaluation by</b>	<b>Of Whom</b>
Nomination and Remuneration Committee	Every Director's performance
Board of Directors	- All Directors and Board and Committees as a whole - All Independent Directors excluding the Director being evaluated
Independent Directors	Review the performance of Non-Independent Directors and Chairman of the Company

The Committee shall carry out evaluation of performance of every Director at regular interval (yearly).

**3) Removal:**

Due to reasons for any disqualification mentioned in the Act, rules made there under 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.

**4) Retirement:**

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Act. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## **XII. PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSON, KMP AND SENIOR MANAGEMENT**

### **1) General:**

- a. The remuneration / compensation / commission etc. to Managerial Person, KMP and Senior Management 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 approval, wherever required.
- b. The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Act and the rules made there under for the time being in force and./or as approved by the shareholders of the company.
- c. The remuneration structure will have a right mix of guaranteed (fixed) pay, pay for performance and long term variable pay based on business growth and other factors such as growth in shareholder value to ensure that it is competitive and reasonable.
- d. Where any insurance is taken by the Company on behalf of its Managerial Person, KMP and for Senior Management 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.

### **2) Remuneration to Managerial Person, KMP and Senior Management:**

#### a. Fixed pay:

Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Act and the rules made there under for the time being in force. The break-up of the pay scale and quantum of perquisites including employer's contribution to Provident Fund(s), pension scheme(s), medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and such other approval, wherever required.

#### b. Variable Pay:

The Company may in its discretion structure any portion of remuneration to link rewards to corporate and individual performance, fulfilment of specified improvement targets or the attainment of certain financial or other objectives set by the Board. The amount payable shall be based on performance against pre-determined financial and non-financial metrics.

#### c. Provision for excess remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Act.

### **3) Remuneration to Non-Executive/Independent Director:**

#### 1. Remuneration/Commission:

The remuneration/commission, if any, shall be in accordance with the statutory provisions of the Act and the rules made there under for the time being in force.

2. Sitting Fees:

The Non-Executive/Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof.

Provided that the amount of such fees shall not exceed the maximum amount as provided in the Act, per meeting of the Board or Committee or such amount as may be prescribed from time to time.

### **XIII. TRAINING/FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS**

All the new directors shall be given formal induction and orientation promptly after the appointment. The programme shall familiarize the new director with the Company's vision, strategic direction, industry/business model of the Company, core values including ethics, corporate governance practices and other key policies and practices.

The Company shall provide suitable training & education to Independent Directors on matters which are relevant for the Board's effective performance. Such training/education may be provided in a variety of forms including external/internal training & education programs, seminars held by CII, ASSOCHAM, FICCI etc. from time to time on varied issues, presentations or briefing on particular topics and education materials.

### **XIV. EVALUATION MECHANISM & CRITERIA APPLICABLE THEREIN**

#### **A. Non-Independent Directors, Chairman & The Board As A Whole**

- i. The Independent Directors of the Company shall hold atleast one meeting every year without the attendance of non-independent directors and members of management. The meeting shall:
  - Review the performance of non-independent directors and the Board as a whole;
  - Review the performance of Chairperson of the Company, considering views of Executive/ Non- Executive Directors.
- ii. In the meeting, the Independent Directors shall focus on each Non-Independent director and Board's/Chairman's contribution to the Company and specific focus on areas in which the Board or certain specific Non-Independent director could improve.
- iii. The results of this evaluation process shall determine whether the individual forming part of the Board brings the skills and expertise appropriate for the Company and how they work as a team.

#### **B. Independent Directors**

The performance evaluation of Independent directors shall be done by the entire Board, excluding directors being evaluated. On the basis of performance evaluation, it shall be determined whether to extend or continue the terms of appointment of the independent directors.

#### **C. Executive Directors (EDs)**

The evaluation of EDs shall be done by the Committee on yearly basis predominantly based upon overall management performance as well as Company performance.

The performance of each of Board Member & Board as a whole shall be reviewed as per the structure of performance evaluation.

**D. KMPs (Excluding EDs)**

- i. The evaluation of the KMPs shall be done by the EDs through the Company's internal process as per the performance appraisal cycle.
- ii. At the beginning of each financial year, targets and Key Performance Indicators (KPIs) shall be fixed with mutual consent. Performance shall be assessed against KPIs as per appraisal cycle.
- iii. The evaluation report of KMPs shall be submitted with the Committee for its perusal and concluding judgment.
- iv. Based on performance assessment & overall Company performance, total compensation for the next financial year shall be decided.
- v. The performance of KMPs shall be reviewed as per the structure of performance evaluation

**XV. GUIDING PRINCIPLES**

The Policy ensures 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.
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- 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.

**XVI. DEVIATIONS FROM THIS POLICY**

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

**XVII. REVIEW/REVISION OF POLICY**

If at any point a conflict of interpretation / information between the Policy and any regulations, rules, guidelines, notification, clarifications, circulars, master circulars/ directions issued by relevant authorities ("Regulatory Provisions") arises, then interpretation of the Regulatory Provisions shall prevail.

In case of any amendment(s) and/or clarification(s) to the Regulatory Provisions, the Policy shall stand amended accordingly from the effective date specified as per the Regulatory Provisions. The Board and/or its Committee reserve(s) the right to alter, modify, add, delete or amend any of the provisions of the Policy.