

**NOMINATION AND REMUNERATION POLICY**

**1. PREAMBLE**

The Company strongly believes that human resources which manage the other resources have infinite potential, and therefore, their development is the key to organisational effectiveness. We commit ourselves to integrate human resources with organisational growth and development for mutual benefit.

The Board of Directors (the “Board”) of the Company, in compliance with Section 178 and other applicable provisions of the Companies Act, 2013 (the “Act”) read with the applicable rules thereto and the provisions of the Listing Agreement as amended from time to time, has adopted/approved the Nomination and Remuneration Policy framed by the Nomination and Remuneration Committee (“Committee”).

**2. INTENT OF THE POLICY**

The main intent of the policy is to enhance the competencies of the Board by :-

- identifying the person who are qualified to become directors and who may be appointed as KMP and at Senior Management level of the company,
- recommend to the board for their appointment and removal and
- carry out evaluation of every director performance
- Formulate the criteria for determining qualifications, positive attributes and independence of a Directors and
- recommend to the Board the remuneration to be paid to the directors, Key Managerial Personnel and Senior Management

**3. DEFINITIONS**

- **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- **Board** means Board of Directors of the Company.
- **Directors** mean Directors of the Company.
- **Key Managerial Personnel** means:
  - Chief Executive Officer or the Managing Director or the Manager;
  - Whole-time director;
  - Chief Financial Officer;
  - Company Secretary; and
  - Such other officer as may be prescribed.
- **Senior Management** means personnel of the Company who are members of its core management team excluding the Board of Directors including Functional Heads.

**4. BOARD DIVERSITY**

This Policy sets out the approach to have diversity on the Board of the Company in terms of thought, experience, knowledge, perspective and gender.

As per the provisions of the Companies Act, 2013, and Listing Agreement as amended from time to time, the composition of the Board shall have an optimum combination of Executive and Non Executive Directors, with not less than fifty percent of the Board of Directors comprising non-executive directors.

When the Chairman of the Board is a non-executive director, at least one-third of the Board shall comprise independent directors and in case the Company does not have a regular non-executive Chairman or in case the regular non-executive Chairman is a promoter of the Company, at least half of the Board shall comprise of independent directors.

The Committee will lead the process for recommending the appointments of Directors to the Board. All the appointments will be based on the skills, diverse experience, independence and knowledge which the Board as a whole requires to be effective.

The Board shall have at least one Board member who has accounting or related financial management expertise and at least one Woman Director. Additionally the Board may consider appointment of experts from various specialized fields such as finance, law, corporate strategy, marketing and business development, international business, operations management etc. so as to bring diversified skill sets on board or succeed any outgoing director with the same expertise.

## **5. ESSENCE OF THE POLICY**

The role of the Committee shall be in accordance on and taking into account the following:

### **A. Appointment of Directors :-**

While recommending a candidate for appointment as Director of the company, the Nomination and Remuneration Committee has to ensure with regard to:-

- Composition of the Board, which is commensurate with the size of the Company, its portfolio, geographical spread and its status as a listed Company;
- desired age and diversity on the Board;
- size of the Board with optimal balance of skills and experience and balance of Executive and Non-Executive Directors consistent with the requirements of law; professional qualifications, expertise and experience in specific area of business;
- balance of skills and expertise in view of the objectives and activities of the Company;
- avoidance of any present or potential conflict of interest;
- availability of time and other commitments for proper performance of duties;
- personal characteristics being in line with the Company's values, such as integrity, honesty, transparency, leadership skills, pioneering mindset.
- Considering any other matters, as may be requested by the Board.

### **B. Appointment of KMP and Senior Management and other employees**

The Company has an organisational chart displaying the position of Senior Management including KMP and other positions with the minimum qualifications and experience requirements for each positions which commensurate with the size of its business and the nature and complexity of its operations. Any new recruit in the company is to match the requirements prescribed in the organisational chart of the Company.

### **C. Remuneration of Directors, KMPs and Senior Management:-**

The guiding principle is that the level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate Directors, Key Managerial Personnel and Senior Management.

NRC will determine individual remuneration packages for Executive Directors, KMPs and Senior Management of the Company on the basis of the scope of their duties, the role and nature of responsibilities, the level of skill, knowledge and experience of individual, their performance, , business performance and practices in comparable companies, having due regard to financial and commercial health of the company as well as prevailing laws and regulations/other guidelines.

Remuneration may comprise of fixed component only or combination of both fixed and variable component. Fixed component may include salary, allowances, perquisites and other statutory/non-statutory benefits. The NRC may in its discretion structure any portion of remuneration to link rewards to corporate and individual performance, fulfillment of specified improvement targets or the attainment of certain financial or other objectives set by the Board. The amount payable is determined by the Committee, based on performance against pre-determined financial and non-financial metrics.

Remuneration to Managing Director of the company may comprise both fixed as well as variable components including commission by way of certain percentage on Net profit of the company as calculated under Section 198 of the Companies Act.

Remuneration to Non Executive/Independent Directors

- (i) Remuneration/commission : remuneration/commission shall be fixed as per the limits mentioned in the Act, subject to approval from the shareholders as applicable.
- (ii) Sitting Fee : the Non executive/Independent directors shall receive remuneration by way of fees for attending meetings of board or committee thereof. Provided that the amount of such fees shall not exceed such amount as may be prescribed by the Central Govt. from time to time.
- (iii) Stock Options : An independent Directors shall not be entitled to any stock option of the company.

#### **D. Term / Tenure/Notice period/Severance fees**

##### **a) Managing Director/Executive Director:**

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, and which shall be done with the approval of the shareholders of the Company.

Services of the Managing Director and Executive Director may be terminated by either party by giving one month notice. No severance fee will be paid.

##### **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 up to 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.

Notice period/Severance fee is not applicable to Non-Executive/ Independent Directors of the Company.

## **E. Evaluation**

The Committee shall carry out the evaluation of performance of every Director at least once in a year, on the basis of following factors:

### **a) Performance evaluation of Directors:**

- Attendance and participation at Board or committee meetings
- Contribution and initiatives taken at Board or Committee Meetings
- Adherence to Code of conduct of the company
- Safeguarding of the confidential information and of Interest of Whistle blowers under vigil mechanism
- Compliance with policies and disclosure of interest
- Rendering of Independent and unbiased opinion
- Guidance/support to management outside Board/Committee meetings

Independent Directors may also consider the aforesaid criteria for the evaluation of the performance of Non- Independent directors and may consider the following factors for evaluation of the performance of the Board as whole and their committee at their separate meeting:-

### **Performance evaluation of Board and Committees:**

- *Effectiveness of Board processes, information and functioning*
- *Degree of fulfillment of key responsibilities*
- *Effectiveness of control system in identifying material risks and reporting of material violations of policies and law*
- *Board Structure and composition*
- *Establishment and delineation of responsibilities to committees*
- *Frequency of meetings*
- *Adherence to law*
- *Board culture and dynamics*
- *Quality of relationship between Board and Management*
- *Efficacy of communication with external stakeholders.*

The performance evaluation of Independent Directors shall be done based on the above criteria by the entire Board of Directors, excluding the Director being evaluated.

## **F. 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.

## **G. 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.

## **6. AMENDMENT(S) TO THE NOMINATION AND REMUNERATION POLICY**

Any amendment(s) thereto can be reviewed or done by the Board of Directors on its own and/or as per the recommendations of Nomination and Remuneration Committee, as deemed fit from time to time. In case of any modifications, amendments or inconsistencies with the Act, the provisions of the Act and the rules made thereunder would prevail over the Policy.