

# **NOMINATION AND REMUNERATION POLICY**

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### **1. Preamble**

This Nomination and Remuneration Policy provides the framework defining the criteria with regard to qualifications, attributes of a person to be appointed as a Director and also on remuneration of members of the Board of Directors, Key Managerial Personnel and other Senior Management Personnel of the Company.

This Policy is guided by the principles and objectives as enumerated in Section 178 of the Companies Act, 2013 to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company.

### **2. Terms and References**

In this Policy, the following terms shall have the following meanings:

“The Board” means the Board of Directors of the Company

“Director” means a director of a company

“Committee” means the Nomination and Remuneration Committee as constituted or reconstituted by the Board, in accordance with the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Equity Listing Agreement.

“Independent Director” means a director referred to in sub- section (6) of Section 149 of the Companies Act, 2013 and Clause 49(II)(B) of the Equity Listing Agreement.

“Key Managerial Personnel” (KMP) means

- The Chief Executive Officer or the Managing Director or the manager;
- The Whole-Time Director;
- The Chief Financial Officer; and
- The Company Secretary; and such other officer as may be prescribed under the Companies Act, 2013 from time to time.

“Senior Management Personnel (SMP) ” means personnel of the Company who are members of the core management team excluding the Board and Directors including functional heads.

The words and expressions used and not defined in this policy but defined in the Companies Act shall have the meanings respectively assigned to them in the Act/Rules and Regulations.

### **3. Policy for appointment and removal of Director, KMP and Senior Management Personnel**

#### **a. Appointment criteria and qualifications**

- i. The Nomination and Remuneration Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as a Director, KMP or at Senior Management Personnel position in the Company and recommend to the Board his / her appointment to the respective positions.
- ii. A person should possess adequate qualification, expertise and experience for the position he /she is considered for appointment to the concerned position. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- iii. The Nomination and Remuneration Committee shall ensure the Board diversity policy of the Company is adhered to and also ensure an optimum and balanced members of the Board with varied experience to have an effective Board.

#### **b. Term / Tenure**

The term and tenure of the appointment of Executive Directors and Independent Directors shall be as per the applicable provisions of the Companies Act, 2013. For the KMP and senior management personnel the Company's HR Policies would be applicable as amended from time to time.

#### **c. Evaluation**

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

#### **d. Removal**

Due to reasons for any disqualifications mentioned in the Companies Act, 2013 or any other applicable act, rules and regulation thereunder, the Nomination and Remuneration Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, subject to the Compliance of the said Act, Rules and Regulations. The removal of the KMP and Senior Management Personnel shall be in accordance with Company's HR policies as amended from time to time.

#### **e. Retirement**

The KMP and Senior Management Personnel shall retire as per 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.

### **4. Policy relating to the Remuneration of Non-Executive Directors, Managing Director, Key Managerial Personnel and Senior Managerial Personnel**

#### **a. Remuneration of Non-Executive Directors**

- i. Non-Executive Directors ("NEDs") are entitled to remuneration by way of Sitting Fees and Commission as per the applicable provisions of the Companies Act, 2013.
- ii. The sitting fee payable to the NEDs for attending the Board and Committee meetings is fixed subject to the statutory ceiling.

#### **b. Remuneration of Managing Director**

- i. The compensation paid to the Managing Director is within the scale approved by the Shareholders. The elements of the total compensation are approved by the Nomination and Remuneration Committee within the overall limits specified under the Companies Act, 2013.
- ii. The elements of compensation of the Managing Director include salary, perquisites and commission.

- iii. In case of inadequacy of profit in any financial year, the remuneration payable to the Managing Director shall be further subject to the relevant provisions of the Companies Act, 2013.
- iv. Executive Directors will not be paid sitting fees for any Board/ Committee meetings attended by them.

**c. Remuneration to Key Managerial Personnel except Managing Director and Senior Management Personnel**

- i. The Company's total compensation for Key Managerial Personnel / other employees consists of:
  - fixed compensation
  - variable compensation in the form of Variable Performance Pay
  - benefits
  - work related facilities and perquisites
- ii. Fixed compensation is determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills, experience and performance of the employee.
- iii. The Annual Variable Performance Pay (VPP) of Senior Management Personnel is linked directly to the performance of the Business Unit/ Company in accordance with the VPP Scheme of the Company and individual performance.
- iv. Based on the grade and seniority of employees, Benefits for employees include:

**Health-Related:**

- a. Health insurance
- b. Accident and Life insurance

**Retirement-Related:**

- a. Contribution to Provident Fund account, Employees State Insurance, Gratuity etc)

- v. Employees are also eligible for work related facilities and perquisites as may be determined through HR policies issued from time to time based on the Grade of the employee.
- vi. A formal annual performance management process is applicable to all employees, including senior executives. Annual increases in fixed and variable compensation of individual executives are directly linked to the performance ratings of individual employee.
- vii. Overall compensation shall be subject to periodic reviews as well as factors such as affordability based on the Company's performance and the economic environment.

## **5. Adoption, Changes and Disclosure of Information**

- i. This Nomination and Remuneration Policy and any changes thereof are approved by the Board of Directors based on the recommendation(s) of the Nomination and Remuneration Committee.
- ii. The policy may be reviewed at such intervals as the Board or Nomination and remuneration Committee may deem necessary.
- iii. Such disclosures of this Remuneration Policy as may be required under the Companies Act, 2013 may be made.

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- <sup>1</sup> KMP- Key Managerial Personnel
- NED- Non Executive Directors
- SMP- Senior Management Personnel
- VPP- Variable Performance Pay