

# **Nomination and Remuneration Policy**

## **1. Scope**

1.1. This Nomination and Remuneration Policy (the “Policy”) has been framed in compliance with Section 178 of the Companies Act, 2013 (Act) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’).

1.2. This Policy aims to ensure that the persons appointed as Directors and Key Managerial Personnel (KMPs) as defined under the Act and Senior Management (designated Executive Officer and above) possess requisite qualifications, experience, expertise and attributes commensurate with their positions and level of management responsibilities and that the composition of remuneration to such persons is fair and reasonable and sufficient to attract, retain and motivate these persons to run the Company successfully.

1.3. This Policy is applicable to Directors, KMPs, Senior Management and other employees of the Company.

## **2. Objective**

1.1. The objective of this Policy is to provide a framework for appointment, removal and remuneration of Directors, KMPs and Senior Management.

1.2. The Policy aims to provide:

- (i) Criteria of appointment and removal of Directors, KMPs and Senior Management;
- (ii) Criteria for determining qualifications, positive attributes and independence of a Director;
- (iii) Remuneration of Directors, KMPs and Senior Management;
- (iv) Principles for retaining, motivating and promoting talent and ensuring long term retention of talent and creating competitive advantage.

## **3. Board Diversity**

While considering the composition of the Board, the Nomination and Remuneration Committee (‘NRC’) will take into account the diversity of the members of the Board based on a number of factors, inter-alia, gender, age, qualifications, nationality, professional experience, recognition, skills and ability to add value to the business. Subject to the provisions of the Act including rules and regulations made thereunder and Listing Regulations, the Board shall have atleast one woman Director, persons who have strong

technical/managerial/administrative backgrounds relevant to the business of the Company and those who have excelled in one or more areas of finance/ accounting/ law/public policy with top level administrative/ managerial experience.

#### **4. Qualifications and Attributes for Directors, KMPs and Senior Management**

##### **1.1.The prospective Director:**

- (i) should be of the highest integrity and level of ethical standards;
- (ii) should possess the requisite qualifications, skills, knowledge, experience and expertise relevant or useful to the business of the Company.
- (iii) should, while acting as a Director be capable of balancing the interests of the Company, its employees, the shareholders, the community and of the need to ensure the protection of the environment; and
- (iv) should inter-alia,
  - (a) uphold the highest ethical standards of integrity and probity;
  - (b) act objectively and constructively while exercising his / her duties;
  - (c) exercise his / her responsibilities in a bona fide manner in the interest of the Company;
  - (d) devote sufficient time and attention to his / her professional obligations for informed and balanced decision making;
  - (e) not allow any extraneous considerations that will vitiate his / her exercise of objective independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
  - (f) not abuse his / her position to the detriment of the Company or its shareholders or other stakeholders or attempt to gain direct or indirect personal advantage or advantage for any associated person;
  - (g) avoid conflict of interest, and in case of any apparent situation of conflict of interest, make appropriate disclosures to the Board;
  - (h) assist the Company in implementing the best corporate governance practices;

(i) strictly adhere to and monitor legal compliances at all levels; and

(j) protect confidentiality of the confidential and proprietary information of the Company.

(v) In addition, in the case of an Independent Director(s), he/she must also satisfy the criteria specifically set out under applicable laws including the Act and the Listing Regulations.

1.2. The KMPs and the Senior Management should possess the highest integrity and ethical standards and have the requisite qualification and experience in any field relevant to and necessary for the business of the Company, including but not limited to technology, finance, law, public administration, management, accounting, marketing, production and human resource. They should also meet the requirements of the Act, Rules, Listing Regulations and / or any other applicable laws.

## **5. Evaluation of the Board, its Chairman, Individual Directors and Committees of the Board**

The evaluation of the Board, its Chairman, individual Directors and committees of the Board shall be undertaken in compliance with the provisions of Section 134(3)(p), Section 178 and Listing Regulations.

## **6. Appointment and Removal of Non-Executive/ Independent Directors**

### **1.1 Appointment**

(i) Depending upon the requirements of the Company, the NRC shall identify from sources the Committee considers appropriate and reliable the persons who meet the requisite criteria and recommend their appointment to the Board at appropriate times.

(ii) The Board will consider the recommendations of the NRC and accordingly, approve the appointment and remuneration of Non-executive and / or Independent Directors, subject to the needs of the Company and the approval of the shareholders.

(iii) The appointment process shall be independent of the Company management. While selecting persons for appointment as Independent Directors, the Board shall ensure that there is an appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.

(iv) The appointment of Independent Directors shall be formalised by way of letters of appointment in accordance with the applicable laws and the requisite related disclosures in relation to such appointments made.

(v) The process for appointment of Independent Directors prescribed under the Act, the Listing Regulations and specifically the procedure set out under Schedule IV of the Act (Code for Independent Directors) will be followed. The Board shall also comply with other applicable laws.

## **1.2 Removal**

The appointment of an independent Director may be terminated at the recommendation of the NRC or by the Board on its own in the event he/she:

- a. commits a breach of any of the duties, functions and responsibilities or obligations towards the Company or for reasons prescribed under the Act; or
- b. compromises independence vis-à-vis the Company in any manner whatsoever which will have an impact on the criteria of independence.
- c. If he/she becomes prohibited by law or under the Articles of Association from being an Independent Director of the Company.

## **7. Appointment and Removal of Managing Director, Joint Managing Director, Whole- time Directors, KMPs and Senior Management Personnel**

### **1.1. Appointment**

- (i) Depending upon the requirements of the Company for the above positions, the NRC shall identify persons and recommend their appointment to the Board including the terms of appointment and remuneration.
- (ii) The Board will consider the recommendations of NRC and accordingly approve the appointment(s) and remuneration. The appointment of the Managing Director/Joint Managing Director/Whole-time Directors shall be subject to the approval of the shareholders.
- (iii) Appointments of other employees will be made in accordance with the Company's Human Resource (HR) policy.

### **1.2. Removal**

- (i) The appointment of the Managing Director/Joint Managing Director/Whole-time Directors, may be terminated at the recommendation of the NRC or by the Board on its own, if such Director commits a breach of any of the duties, functions and responsibilities or obligations or he/she becomes prohibited by law or under the Articles of Association from being such Director of the Company.
- (ii) The appointment of KMPs/Senior Management Personnel may be terminated at the recommendation of the NRC or by the Board on its own, if the person commits a breach of any duties, functions and responsibilities or obligations or for reasons prescribed under the Act or the Listing Regulations or for reasons of poor performance as measured as the result of the performance appraisal process over one or more years or suffers from any disqualification(s)

mentioned in the Act, the Rules or under any other applicable laws, rules and regulations, or breaches the code of conduct and / or policies of the Company

- (iii) In respect of employees in other positions, where an employee suffers from any disqualification(s) mentioned in the Act, if any, under any other applicable laws, rules and regulations, the code of conduct and / or policies of the Company, the Management of the Company may terminate the services of such employee as laid down in the HR Policy of the Company.

## **8. Remuneration**

1.1. The remuneration of the Non-executive / Independent Directors will include the following:

- (i) Variable remuneration in the form of commission calculated as a percentage of the net profits of the Company as recommended by the NRC and to the extent permitted in the Act and approved by the Board and / or the shareholders of the Company. The payment of commission is based on criteria such as attendance at meetings of the Board/ Committees of the Board, time devoted to the Company's work, the responsibilities undertaken as Chairmen of various committees/the Board, their contribution to the conduct of the Company's business, etc.
- (ii) Sitting fee for attending meetings of the Board and committees constituted by the Board
- (iii) Reimbursement of expenses for participation in the meetings of the Board and other meetings.

1.2. The remuneration of the Managing Director, Joint Managing Director, Whole-time Directors, KMPs and Senior Management Personnel should be commensurate with qualifications, experience and capabilities. The remuneration should take into account past performance and achievements and be in line with market standards. In determining the total remuneration, consideration should be given to the performance of the individual and also to the performance of the Company. In both cases, performance is measured against goals/plans determined beforehand at the commencement of a year and well communicated to the individual/ the individual holding the management position, as the case may be.

1.3. The remuneration of the Managing Director/Joint Managing Director/Whole-time Directors/KMPs/Senior Management Personnel will include the following:

- (i) Salary and allowances - fixed and variable besides other Benefits as per Rules contained in the HR Policy applicable to Senior Management Personnel;
- (ii) Retirement benefits including provident fund / gratuity/ superannuation / leave encashment;
- (iii) Performance linked bonus.

1.4. No Sitting Fee shall be payable to the Managing Director/ Whole-time Directors for attending meetings of Board or the committees constituted by the Board.

1.5. The remuneration of the employees other than Senior Management Personnel shall be as per Company's HR Policy.

## **9. Increments**

1.1. Increments of Managing Director/Joint Managing Director/ Whole-time Directors will be granted by the Board based on the recommendation of the NRC taking into account the performance of the individual, the performance of the business and the Company as a whole. Performance will be measured against pre-determined and agreed goals/ plans which are made known at the commencement of the year. The Board and the shareholders of the Company may approve changes in remuneration from time to time.

1.2. Appraisal will be carried out and award of increments of the KMPs/Senior Management Personnel/other employees will be determined according to the prevalent HR Policy and practice of the Company. The NRC will oversee compliance with the process.

## **10. Review/Amendment**

Based on the recommendation of the NRC, the Board may review and amend any or all clauses of this Policy depending upon exigencies of business.

## **Annexure- 1**

### **Evaluation Criteria**

The evaluation of performance of the Directors of the Company shall be undertaken as under:

<b>S. No</b>	<b>Provisions of the Act</b>	<b>Evaluation of Performance of</b>	<b>Performance to be evaluated by</b>
A.	Section 178(2)	Independent Directors	Nomination and Remuneration
		Non-Independent Directors	Committee
B.	Section 134(3)(p) read with Schedule IV of the Act	The Board	The Board
		Committees of the Board	
		Independent Directors	
		Non-Independent Directors	
C.	Listing Regulations and Schedule IV of the Act	Non-Independent Directors	Independent Directors
		The Board	
		Chairman of the Company	

Date of adoption - 27<sup>th</sup> April, 2015