

POLICY ON NOMINATION AND REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

➤ **Introduction:**

The Nomination and Remuneration Policy is formulated pursuant to Section 178 of the Companies Act, 2013. This policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management has been formulated by the Nomination and Remuneration Committee and has been approved by the Board of Directors. This policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel and Senior Management.

➤ **Applicability:**

This policy is applicable to:

1. Directors viz. Executive, Non-executive and Independent
2. KMP
3. Senior Management Personnel

➤ **Definitions:**

Director [Section 2(34) of the Companies Act, 2013]

“Director” means a director appointed to the Board of a company.

Key Managerial Personnel [Section 2(51) of the Companies Act, 2013]

“Key Managerial Personnel”, in relation to a company, means-

the Chief Executive Officer or the managing director or the manager;
the company secretary;
the whole-time director;
the Chief Financial Officer; and
such other officer as may be prescribed.

Remuneration [Section 2(78) of the Companies Act, 2013]

“Remuneration” means any money, or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

Senior Management [Section 178(8) of the Companies Act, 2013]

“Senior Management” means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

➤ **Objective of the Policy:**

The policy is framed with the objective(s):

1. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and Senior Management of the quality required to run the company successfully.

2. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
3. 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.

➤ **Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee shall consist of three or more non-executive directors out of which not less than one-half shall be independent directors, provided that the chairperson of the Company (whether executive or non-executive) may be appointed as a member of this Committee but shall not chair such Committee.

➤ **Role and Functions of the Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee shall perform the following functions:

1. To identify persons who are qualified to become directors and 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.
2. To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors and key managerial personnel.
3. To ensure that the Board comprises of a balanced combination of Executive Directors and Non-executive Directors and also the Independent Directors.
4. To formulate the criteria for evaluation of Individual Directors and the Board as a whole.
5. To devise a policy on Board diversity, composition, size.
6. The Nomination and Remuneration Committee shall, formulate the Remuneration Policy of the Company.
7. To perform such other functions as may be necessary or appropriate for the performance of its duties.

➤ **Appointment of Directors, KMP and Senior Management:**

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience in the fields of business of the company of a person for appointment as Director, KMP or at Senior Management and recommend to the Board his/ her appointment.
2. In case of appointment of Independent Directors, the Committee shall satisfy itself with regard to the independent nature of the Director specified in Section 149(6) and Schedule IV of the Companies Act, 2013 so as to enable the Board to discharge its function and duties effectively.
3. The Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
4. The Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.

- a. Qualification, expertise and experience of the Directors in their respective fields;
 - b. Personal, Professional or business standing;
 - c. Diversity of the Board.
5. In case of appointment or re-appointment of Managing Director, Whole-time Director or Manager, the Committee shall satisfy itself with regards to compliance of conditions specified in Section 196 and Schedule V of the Companies Act, 2013.

➤ **Remuneration of Directors, KMP and Senior Management:**

A. Remuneration of Directors and KMP:

The Non-Executive Directors/ Independent Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings and commission as detailed hereunder:

- i) Non-Executive Director/ Independent Directors shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- ii) Non-Executive Director/ Independent Directors shall also be entitled to receive commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the Committee.
- iii) The commission shall be payable on prorata basis to those Directors who occupy office for part of the year.
- iv) The Independent Directors pursuant to Section 149 and Schedule IV of the Companies Act, 2013 shall not be entitled to participate in the Stock Option Scheme of the Company, if any, introduced by the Company.
- v) At the time of appointment or re-appointment of Directors and KMP shall be paid such remuneration as may be mutually agreed between the Company (which includes the Committee and the Board) and the Directors and KMP within the overall limits prescribed under the Companies Act, 2013.
- vi) The remuneration shall be subject to the approval of the Members of the Company in General Meeting.
- vii) The remuneration of the Directors and KMP is broadly divided into fixed and variable component. The fixed compensation shall comprise salary, allowances, perquisites, amenities and retiral benefits. The variable component shall comprise of performance bonus.

B. Remuneration of Senior Management:

In determining the remuneration of Senior Management, the Committee shall consider the following:

- i) the relationship of remuneration and performance benchmark is clear.
- ii) balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

- iii) the remuneration is divided into two components viz. fixed component of salaries, perquisites and retirement benefits and variable component of performance-based incentive.
- iv) the remuneration including annual increment and performance incentive is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individual's performance vis-à-vis KRAs / KPIs, industry benchmark and current compensation trends in the market.

➤ **Removal of Directors, KMP and Senior Management:**

The Committee may recommend to the Board with reasons recorded in writing, removal of a Directors, KMP or Senior Management subject to the provisions of the Companies Act, 2013 and all other applicable Acts, Rules and Regulations, if any.

➤ **Retirement of Directors, KMP and Senior Management:**

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the Regulations 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.