

Nomination and Remuneration Policy

(I) **Objective**

The Nomination and Remuneration Committee and this policy shall be in compliance with the provisions of Section 178 of the Companies Act, 2013 read with rule 6 of the (Meetings of Board and its Power) Rules, 2014. The key objectives of the Committee would be:

- (1) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management
- (2) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board
- (3) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management
- (4) To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations
- (5) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage

(II) **Definitions**

- (1) Act means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time
- (2) Board means Board of Directors of the Company.

- (3) Directors mean Directors of the Company.
- (4) Key Managerial Personnel means
 - (a) Chief Executive Officer or the Managing Director or the Manager;
 - (b) Whole-time director;
 - (c) Chief Financial Officer;
 - (d) Company Secretary; and
 - (e) such other officer as may be prescribed
- (5) Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads

(III) **Role of Committee**

(1) **Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee**

The Committee shall:

- (a) Formulate the criteria for determining qualifications, positive attributes and independence of a director
- (b) Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy
- (c) Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel

(2) Policy for appointment and removal of Director, KMP and Senior Management

(a) Appointment criteria and qualifications: The following Selection Criteria are proposed for hiring of a Member of the Board / Director

(i) Experience / Know how:

The candidate must meet at least two of the below mentioned four criteria:

- Must have been a CEO of a medium - large conglomerate in the past
- Must have served on other Boards
- Must have held General Management role for the last 5-10 years
- Must bring a different dimension to the board due to the area of work or expertise (Legal, HR, Marketing etc.)
- Could be an independent specialist

(ii) Behavioral Competencies:

- Results and Achievement Orientation
- Strategic Orientation
- Ability to Influence and Inspire
- Effective Decision Making
- Champions Change
- Intra-Group Coordination
- Integrity (“Fit & Proper”)

(b) Term / Tenure

(i) Managing Director/Whole-time 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

(ii) 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, 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
- Every Independent Director before appointment shall furnish the declaration of Independence to the Company as per section 149 (6) of the Companies Act, 2013

(3) Performance Evaluation of the Board of Directors

(a) Objective:

The objective is to facilitate the individual Directors and the Board as a whole to review the efficacy of the directives with respect to the Group

performance. The Board will undertake the following activities annually:

- (i) The Chairperson will meet with each Non-Executive Director separately to discuss individual performance and ideas for improvement
- (ii) The Board as a whole will discuss and analyse its own performance during the year including suggestions for improvement

Performance Evaluation Areas:

- (i) Review Strategy and Performance:
 - Review Company Strategy annually
 - Following strategy review above, the Board will set the organization performance objectives based on qualitative and quantitative measures
 - Review the strategic objectives and ensure that they are in line with the Company's priorities and the changing nature of the Company's business
 - Review performance of Executive Directors annually and have it reflect in the remuneration review
 - Review performance of Independent Directors annually
- (ii) Performance of the Committees constituted under the Board:

- Review the necessity of establishing any Committees and delegating certain of its responsibilities to the Committee
- Review the Committees achievements during the year based on their duties
- Review the charters of the Committees once a year to ensure that they are up to date

(iii) **Financial Controls and Reporting:**

Ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards

(iv) **Corporate Governance:**

Ensure that all the corporate governance policies are drafted and followed in spirit

(b) **Evaluation of Independent Directors:**

Schedule IV of the Companies Act, 2013 prescribes the Code for Independent Directors (Code). The Companies are required to formally adopt the Code. Going forward role, responsibilities, appointment and evaluation of the Independent Directors will be governed by the Code

(c) **Review and Modifications:**

Based on the discussion on the foregoing evaluation areas, parameters and regulatory provisions, it is proposed to evolve a suitable matrix for

evaluation of Whole Time, Non Whole Time and Independent Directors which will be placed before the Board in its next Meeting

(IV) Remuneration Pattern WTD/ Managing Director:

- (1) **Structure:** A summary of the current structure set for the Whole-time Directors is as mentioned below:

| Components | Item | Description | Policy |
|----------------------|---|---|---|
| Base Salary | <ul style="list-style-type: none"> Reflects the Directors' experience, criticality of the role with the Group and the risk factor involved | <ul style="list-style-type: none"> Consolidated Salary fixed for each financial year This component is also used for paying retiral benefits Paid on a monthly basis | Normally positioned as the highest as compared to the Group |
| Short-term incentive | <ul style="list-style-type: none"> Based totally on the performance of the Director | <ul style="list-style-type: none"> Variable component of the remuneration package Paid on an annually basis | Determined by the Compensation Committee after year-end based on performance against the pre-determined financial and non-financial metrics |
| Long-term incentive | <ul style="list-style-type: none"> Drive and reward delivery of sustained long-term performance | <ul style="list-style-type: none"> Variable long-term remuneration component, paid in shares | Determined by the Compensation Committee and distributed on the basis of time, level and performance |
| Retiral Benefits | <ul style="list-style-type: none"> Provide for sustained contribution | <ul style="list-style-type: none"> Accrues depending on length on service. It is 33.33% of Consolidated Pay | Paid post separation from the Company as per the Rules of the Provident Fund and Gratuity Acts and Superannuation Fund |

- (2) **Base Salary:** The Shareholders of the Company, while approving the appointment of the Whole-time Directors approve the scale within which the salary of the Whole-time Directors could be fixed
- (3) **Perquisites and benefits:** All other benefits are as per the rules of the Company. In addition to the above remuneration, the Whole-time Directors are also entitled to perquisites as per the Rules of the Company
- (4) **Short-Term Incentive Plan ('STIP'):**
 - (a) The Company operates variable pay scheme called as "Performance Related Pay" [PRP]. Amendments to the PRP scheme is made to suit the organisation's business and performance
 - (b) In determining the actual PRP payments, the factors which are usually considered are Performance related to the Group's financial, Operational performance against budget

Key Management Personnel (KMP):

- (1) The Key Management Personnel (KMP) in the Company are the Executive Director (ED / WTD), Chief Financial Officer (CFO) and Company Secretary (CS)
- (2) The KMPs have operational responsibilities in addition to the responsibilities specified by the Companies Act, 2013
- (3) The remuneration package of the Key Management and Senior Management comprises of:
 - (a) **Fixed Remuneration:** This includes a Monthly Salary such as Consolidated Pay, Variable House Rent Allowance, Compensatory Allowance, Utility Allowance, Interest Subsidy on Housing Loans

- (b) **Annual Allowances:** This consists of Leave Travel Allowance, Medical Reimbursement and House Maintenance Allowance
- (c) **Retirals:** This includes Provident Fund @ 12% of Consolidated Pay, Gratuity and Superannuation as per Company's policy

(V) **Non-Whole Time Directors:**

Non Whole-Time Directors are paid Sitting Fees for attending the Board / Board Committee/s Meetings in accordance with the Companies Act, 201. The Board is responsible for setting policy in relation to the remuneration of the Non-Whole Time Directors

(VI) **Remuneration Mix:**

The total remuneration package of Directors and KMPs is designed to provide an appropriate balance between fixed and variable components with focus on Performance Related Pay so that outstanding performance is incentivized but without encouraging excessive risk taking.

(VII) **Disclosures:**

Under the provisions of CA 2013, the Board of Directors would have to disclose the details of the managerial remuneration in the Director's Report to the Shareholders

(VIII) **Review and Modification:**

Effectiveness of the Managerial Remuneration Policy is ensured through periodical review. The Board of Directors of the Company may amend or modify this Policy in whole or in part at any time