



**NOMINATION AND REMUNERATION POLICY ON APPOINTMENT OF DIRECTORS AND EMPLOYEES AND THEIR REMUNERATION**

**I. General:**

The Companies Act, 2013, the Rules made there under in terms of Regulation 19 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Regulations”) requires every Company to formulate the criteria for determining qualifications, positive attributes and independence of directors. The Company is also required to adopt a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

Accordingly, the Nomination and Remuneration Committee (NRC) of the company has adopted the following policy and procedure with regard to identification and nomination of persons who are qualified to become directors and who may be appointed at senior management level.

**II. Criteria for identifying persons for appointment as Directors and Senior Management:**

The Nomination and Remuneration Committee (NRC) is responsible for evaluating the qualification of each director candidates and of those directors who are to be nominated for election by shareholders at each Annual General Meeting or Extra-ordinary General Meeting of shareholders and for recommending duly qualified director nominees to the Board of Directors. The qualification criteria set forth herein are designed to describe the qualities and characteristics required for the Board as a whole and for the Board members.

**Directors:**

1. Candidates for Directorship should possess adequate qualifications, skills and expertise in one or more fields of finance, law, general corporate management, information management, science and innovation, public policy, financial services, sales & marketing and other disciplines as may be identified by the NRC and/or the Board from time to time, that may be relevant to the Company’s business.
  2. The director candidates should have completed the age of 21 years. The maximum age of executive directors shall not be more than 70 years at the time of appointment / re-appointment. However, a candidate who has attained the age of 70 years may be appointed if approved by shareholders by passing of special resolution.
  3. The Board has not established specific education, years of business experience or specific types of skills for Board members, but, in general, expects qualified directors to have ample experience and a proven record of professional success, leadership and the highest level of personal and professional ethics, integrity and values.
  4. The candidate to be appointed as Director shall have a Director Identification Number (DIN) allotted under section 154 of the Companies Act, 2013 (Act) and duly complied with DIN KYC norms.
  5. In addition any person to be appointed as a Managing Director or whole-time director in the Company (hereinafter referred to as ‘Executive Directors’) shall have to meet the following requirements for being eligible for appointment set out in Part I of Schedule V of the Act and the limits of directorships set out in listing agreement with stock exchanges.
  6. Above all, every candidate for Directorship on the Board should have the following positive attributes:
-



- Possesses a high level of integrity, ethics, credibility and trustworthiness;
- Ability to handle conflict constructively and possess the willingness to address critical issues proactively;
- Is familiar with the business of the Company and the industry in which it operates and displays a keen interest in contributing at the Board level to the Company's growth in these areas;
- Possesses the ability to bring independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management and resource planning;
- Displays willingness to devote sufficient time and attention to the Company's affairs;
- Values Corporate Governance and possesses the skills and ability to assist the Company in implementing good corporate governance practices;
- Possesses leadership skills and is a team player.

#### 7. Criteria for Independence applicable for selection of Independent Directors:

The Company may select the candidate from data bank(s) containing name, address, qualification of persons who are eligible and willing to act as Independent Director maintained by relevant institute or association as may be notified by the Central Government having expertise in creation and maintenance of such data bank.

The prospective candidates for appointment as an Independent Director shall have to meet the criteria of Independence laid down in sub-section (6) of Section 149 of the Act and in terms of Regulation 25 of the Listing Regulations.

Such Candidates shall submit a Declaration of Independence to the NRC / Board, initially and thereafter, annually, based upon which, the NRC / Board shall evaluate compliance with this criterion for Independence.

In the process of shortlisting Independent Directors, the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.

#### 8. Change in status of Independent Director:

Every Independent Director shall be required to inform the NRC / Board immediately in case of any change in circumstances that may put his or her independence in doubt, based upon which, the NRC / Board may take such steps as it may deem fit in the best interest of the company.

### **III. Directors selection procedure**

1. Upon instructions/guidelines of Board of Directors Human Resources (HR) department shall identify and recommend appropriate candidates for selection to the Board based on director's qualification criteria.

2. For each shortlisted director candidate considered for selection to the Board, the Nomination and Remuneration Committee shall evaluate each director candidate and recommend to the Board any duly qualified director candidates.

3. To aid in the short listing and screening process the Nomination and Remuneration Committee may take the support of professional agencies, conduct interviews or have a personality check undertaken or take any other steps as may be considered necessary to ensure that the right candidates are identified.

4. A determination of a director's qualifications to serve on the Board shall be made by the Board, upon the recommendation of the Committee, prior to nominating said director for selection at the Company's next Annual General Meeting.

---



5. The company shall issue a formal letter of appointment to independent directors in the manner as provided in Paragraph IV (4) of Schedule IV of the Act.

#### **IV. Removal of Director:**

1. If a Director incurs any disqualification mentioned under the Companies Act, 2013 or any other applicable law, regulations, statutory requirement, the NRC may recommend to the Board with reasons recorded in writing for the removal of the said Director subject to the provisions of and compliance with the statutory provisions.

2. Such recommendations may also be made on the basis of performance evaluation of the Directors or as may otherwise be thought fit by the NRC.

#### **V. Remuneration Policy:**

1. All remuneration/fees/ compensation, payable to Directors shall be fixed by the Board of Directors and payment of such remuneration fees/ compensation shall require approval of shareholders in general meeting except for sitting fee payable to Independent Directors for attending Board/Committee meeting of the Company.

2. The Board shall decide on the remuneration/fees/compensation, payable to Directors based on the recommendations of the Nomination and Remuneration Committee.

1. The total managerial remuneration payable, to its directors, including Managing Director and Whole-time Director, (and its manager) in respect of any financial year shall not exceed eleven per cent of the net profits of the company for that financial year computed in the manner laid down in Section 198 of the Companies Act, 2013. Provided that the company in general meeting may, with the approval of the Central Government, authorize the payment of remuneration exceeding eleven per cent of the net profits of the company, subject to the provisions of Schedule V of the Act.

4. The Nomination and Remuneration Committee shall ensure the following while recommending the remuneration/fee/compensation payable to Directors:

- a. The remuneration payable to Non-Executive Directors (if any), shall not exceed 1% of the net profits of the Company.
  - b. A Non-Executive director may be paid remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose whatsoever. The amount of such fee on upper side shall not exceed Rs.1,00,000/- for attending each meeting of the Board or Committee thereof or such higher amount as may be prescribed by the Central Government.
  - c. Sitting Fees: Independent Directors receive remuneration in the form of sitting fees for attending the meetings of Board or Committee of the Company and its subsidiaries where such Director maybe so appointed.
  - d. Commission: The remuneration payable to the Independent Directors in the form of Commission may be paid within the monetary limits as may be approved by shareholders subject to the limit not exceeding 1% of the profits of the Company computed as per applicable provisions of the Companies Act, 2013.
-



- e. An independent director shall not be entitled to any stock option.

**VI. Remuneration to the Whole-Time Directors / KMPs / Senior Management Personnel:**

a. The Whole-Time Director / KMPs and Senior Management Personnel shall be eligible for a monthly remuneration as per the HR policy of the Company in force from time to time and in compliance with the required applicable provisions of the Companies Act, 2013. The total remuneration comprises of a fixed basis salary, perquisites as per the Company policy, retirement benefits as per company Rules and Statutory requirements, performance linked incentives (on an annual basis) based on the achievement of pre-set KRAs and long-term incentives based on value creation.

b. The remuneration payable to any one managing director; or whole-time director or manager shall not exceed five percent of the net profits of the company and if there is more than one such director remuneration shall not exceed ten per cent of the net profits to all such directors and manager taken together. Else the remuneration will be subject to approval of central government as may be required.

c. In case of inadequacy of profits, the Company shall pay remuneration to its Whole-Time Director in accordance with the provisions of the Schedule V of the Act.

In case the Company wants to pay remuneration in excess of the limits as prescribed under Schedule V of the Act, the same can be provided with the approval of Central Government.

d. If any Managerial Personnel draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund the sums to the Company and until such sums is refunded, hold it in trust for the Company. The Company shall not waive the recovery of such sum refundable to it unless permitted by the Central Government.

\*\*\*\*\*