



## **NOMINATION CUM REMUNERATION POLICY**

**Latest date of review and approval of the policy by the  
Board of Directors : July 22, 2022.**

### **1. Preface**

The powers, role and terms of reference of the Nomination-cum-Remuneration Committee cover the areas as contemplated under Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, besides other terms as may be referred by the Board of Directors. The role includes:

- a) Formulation of criteria for determining qualifications, positive attributes and Independence of a Director or a Key Managerial Personnel.
- b) Recommending to the Board
  - a remuneration policy for Directors, Key Managerial Personnel and senior management
  - all remuneration, in whatever form, payable to senior management.
- c) Formulation of criteria for evaluation of Independent Directors and the Board.
- d) Devising a policy on Board diversity.
- e) Identification of persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.

This Nomination and Remuneration Policy (the Policy) has been formulated in compliance of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement



## **2. Applicability**

This Policy is applicable to -

- a) All Directors - both executive and non-executive
- b) Key Managerial Personnel (KMP)
- c) Senior Management Personnel

## **3. Definition**

All terms used in this Policy have the same meaning assigned to it in the Companies Act, 2013, Listing Agreement and/ or any other SEBI Regulation(s) as in force from time to time.

Singular will include plural and masculine will include feminine as relevant and appropriate.

## **4. Objectives**

- a) To formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- b) To formulate the criteria for evaluation of Independent Directors and the Board.
- c) To identify persons who are qualified to become Directors and who may be appointed as KMP in accordance with the criteria laid down in this policy.
- d) To carry out evaluation of every Director's performance.
- e) To recommend to the Board the appointment and removal of Directors and KMP.
- f) To recommend to the Board policy relating to remuneration for Directors, KMP and Senior Management.
- g) To ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks. h) To advise a policy on Board diversity.



- i) To assist the Board in formulating an orderly succession plan for the appointment to the Board and KMP.
- j) To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- k) To perform such other functions as may be necessary or appropriate for the performance of its duties.

#### **5. Committee proceedings**

- a) The composition of Nomination and Remuneration Committee (the Committee), its powers and duties, role and responsibilities, conduct of meetings and matters incidental thereto shall be governed by extant provisions of the Companies Act, 2013 and Listing Agreement.
- b) A member of the Committee shall not be present and must abstain from voting when the Committee is discussing his reappointment or remuneration or is evaluating his performance. Such a restriction will apply when the item of business concerns his relative as well.
- c) The Committee may engage outside experts or invite any officer or employee of the company to obtain their views and assistance in pursuing its role.

#### **6. Board diversity**

- a) The company shall have an appropriate balance of Executive and Non-Executive Directors as well as Independent and Non Independent Directors and Woman Director in accordance with the Companies Act, 2013 and Listing Agreement.
- b) No relative of Chairman or Managing Director/ Whole-time Director will be inducted on the Board except under special circumstances and for reasons to be recorded in writing by the Committee.
- c) The Board composition shall ensure an optimal balance of expertise drawn from industry, management, finance and other disciplines.





- d) The Managing Director/ Whole-time Director shall be a professional with proven track record and reputation in the industry/ corporate circles.

## **7. Appointment and removal of Directors and KMP**

### **Appointment criteria**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director or KMP and recommend to the Board for his / her appointment.
- b) Other Senior Management persons may be appointed by the Managing Director and reported to the Committee.
- c) A person should possess adequate qualification, expertise and experience for the position considered. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- d) The Committee must satisfy that the person being considered for appointment as a director does not suffer any disqualification u/s 164 of the Companies Act, 2013.
- e) Appointment of Independent Director is subject to compliance of and his conforming to all the conditions specified under Section 149 of the Companies Act, 2013, read with Schedule-IV thereto and the Rules made thereunder and the Listing Agreement.
- f) The Committee shall ensure that statutory formalities under the Companies Act, 2013 and Listing Agreement, including passing requisite resolution in general meeting and filing appropriate returns and declarations with MCA or Stock Exchanges are duly complied with.

### **Removal**

- a) The Committee may recommend with reasons recorded in writing for the removal of a Director / KMP / Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013, rules and regulations thereunder and the Policy of the Company.



### **Retirement**

- a) The Director / KMP / Senior Management Personnel shall retire as per applicable provisions of the Companies Act, 2013 and the prevailing Policy of the company. The Board will have the discretion to retain any of them in the same position, remuneration or otherwise even after attaining the normal superannuation age, for the benefit of the Company.

### **8. Evaluation**

- a) The Committee shall formulate the criteria for evaluation of Independent Directors and the Board.
- b) The Independent Directors at their separate meeting will review the performance of Non Independent Directors and the Board as a whole. They shall also review the performance of the Chairperson of the company taking into account the views of both Executive and Non-Executive Directors.
- c) The performance evaluation of Independent Directors shall be done by the entire Board, excluding the director being evaluated.
- d) The performance evaluation of the KMP / Senior Management Personnel can be done by the Managing Director and reported to the Committee.

### **9. Managing / Whole-time Director**

- a) The company shall have one or more of Managerial person, viz. Executive Chairman, Managing Director or Executive Director appointed in accordance with the Companies Act, 2013.
- b) Such an appointment shall ordinarily be for a term of three years but shall never exceed five years at a time.
- c) Reappointment shall not be done more than one year in advance of the expiry of current term.



## **10. Qualifications**

### **Personal**

- a) Highest personal and professional ethics, integrity and values
- b) Shares the values and beliefs of the Company.
- c) Inquisitive and objective perspective, practical wisdom and mature judgment
- d) Demonstrates intelligence, maturity, wisdom and independent judgment
- e) Self-confidence to contribute to board deliberations, has a stature that other board members will respect his or her views.

### **Experience and Background**

- a) Well accomplished in his / her respective field.
- b) Demonstrated success at policy-setting and strategy development levels in a large organization (such as corporation, government, academic institution or profession)
- c) A mastery of a broad knowledge area (e.g., engineering, finance, marketing, corporate affairs, technology, law, human resources management, executive leadership) that complements the skills of current board members and proposed board role
- d) Absence of adverse events (e.g., bankruptcy affiliations, securities law sanctions, disqualifications under Companies Act 2013 or other applicable laws etc.) that either disqualify or require adverse disclosures.

### **Fit and proper**

- a) The intangibles of demeanor, attitude and interpersonal skills that indicate the candidate will be an effective member of the board of directors.
- b) Should act on fully informed basis, in good faith, with due diligence and care and in the best interest of the Company and its stakeholders.





- c) Should be able to exercise objective independent judgement on corporate affairs.
- d) Special skills, expertise and background that contribute to the diversity of views and perspective of the board as a whole
- e) With respect to Directors being nominated for Independent position, the candidate should comply with the "Independence qualifications" as defined by applicable laws.
- f) Willingness to devote sufficient time to carry out the duties and responsibilities effectively, including attendance at meetings.
- g) Willingness to undertake appropriate induction and regularly update and refresh his/ her skills, knowledge and familiarity with the Company.
- h) Commitment to representing the long-term interests of the shareholders and balancing the interests of stakeholders.
- i) Willingness to challenge management in a constructive manner while working effectively as a part of a team in an environment of collegiality and trust.
- j) Adhere to the code of conduct of the Company.
- k) Protecting the legitimate interests of the Company, its shareholders and employees and maintain confidentiality.
- l) Meets the age criteria and applicable tenor restrictions placed by the Board.
- m) Absence of an unacceptable number of other board commitments.
- n) Absence of personal and business relationships / directorship that would pose a conflict of interest to the Board position.

**Positive Attributes**

- a) Ethical Integrity & transparency.
- b) Has / acquires sufficient knowledge in the Company's business and operations.
- c) Demonstrate sound judgement gained through experience & expertise in management / technical / financial / governance or regulatory matters.



- d) Foresight - ability to see and prepare for future, anticipate needs, opportunities and threats.
- e) Managerial abilities required to lead and guide the management such as effective communication skills, cultural sensitivity, flexibility, team player, strategic thinking, balancing risk with opportunity, ability to juggle several variables and make complicated decisions etc.

## **11. Remuneration**

### **Remuneration to Managing / Whole-time Director**

- a) The remuneration of Managing / Whole-time Director shall be governed by the provisions of the Companies Act, 2013 and Rules thereunder. It is subject to the approval of members by ordinary or special resolution as applicable. In addition, it shall be subject to the approval of Central Government, where required.
- b) The Committee shall make its recommendations from time to time to the Board for determining or revising the remuneration.
- c) The remuneration shall ordinarily comprise of fixed component, viz. basic salary, other allowances and perquisites and retirement benefits. It would be structured in a tax-efficient manner as permissible under the tax laws of the country.
- d) The Managing / Whole-time Director will also be eligible for variable pay, viz. commission based on profits of the company.
- e) The remuneration is ordinarily fixed for the entire tenure with no annual increments or interim revisions. The Board on the recommendations of the Committee is however competent to change the terms of appointment any time within the overall limits approved by shareholders and within the remuneration ceiling fixed by the Companies Act, 2013.
- f) No sitting fees is payable.
- g) No stock option is available as per present Remuneration Policy.

### **Remuneration to Non-Executive/ Independent Director**

- a) Non-Executive / Independent Directors are entitled for remuneration by way of sitting fees for attending meetings of the Board or Committee thereof. It shall not exceed the maximum





amount provided in the Companies Act, 2013 or Rules thereunder.

- b) In addition, commission may be paid within the mandatory limit approved by the shareholders subject to an overall ceiling at one percent of the net profit of the company computed as per the applicable provisions of the Companies Act, 2013.
- c) No stock option is available for Non-Executive Directors, including Independent Directors, as per present Remuneration Policy.
- d) Non-Executive Directors are entitled for travelling and other expenses incurred for attending Board / Committee / General meetings or in connection with attending to any business of the Company.

#### **Remuneration to KMP / Senior Management Personnel**

- a) Remuneration to KMP / Senior Management Personnel shall consist of fixed component, namely, basic pay, other allowances, perquisites and retirement benefits in accordance with the HR policy of the Company.
- b) They are eligible for a variable component as and by way of incentive payment determined by the Managing Director of the Company. This will be decided based on the balance between performance of the company and performance of the individual.
- c) Medical and accidental risk cover will be provided at appropriate levels for different grades.
- d) All statutory benefits available to workmen would be suitably considered for extension.

#### **12. Implementation**

- a) The Committee may issue guidelines, procedures, formats, reporting mechanism to supplement or facilitate better implementation of this Policy from time to time.
- b) The Committee may delegate any of its powers to one or more of its members or to the Managing Director.
- c) Deviations on elements of this Policy under exceptional circumstances may be made by the Managing Director in the interest of the company but the same shall be reported to the Committee within 3 months.



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- d) The Board of Directors on the recommendations of Committee can amend this Policy from time to time.

**13. Disclosure**

The details of this Policy and the evaluation criteria as applicable shall be disclosed in the Annual Report as part of Board's Report therein. Alternatively, it may be put up the policy on the Company's website and reference drawn thereto in the Annual Report.

**(N GOPALARATNAM)**  
**Chairman**