



## **NOMINATION & REMUNERATION POLICY**

**Approved by Board of Directors at its meeting held on 31<sup>st</sup> January, 2019.**

Pursuant to Section 178 of the Companies Act, 2013 and Regulation 19 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended time to time, every Listed Public Company is required to constitute a Nomination and Remuneration Committee with atleast three or more non-executive Directors, out of which not less than one half shall be Independent Directors. The Company has already a Remuneration Committee with three Non-Executive Independent Directors. In order to align the same with the provisions of the Companies Act, 2013, and the Listing Regulation, 2015 as amended from time to time, the Board of Directors at their meeting held on the 22<sup>nd</sup> April, 2014, renamed the “Remuneration Committee” as “Nomination and Remuneration Committee”.

The Nomination and Remuneration Committee and its Policy being in compliance with the provisions of Section 178 of the Companies Act, 2013, read with the applicable Rules so also, Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applies to the Board of Directors, Key Managerial Personnel and the Senior Management Personnel of the Company.

### **“Key Managerial Personnel (KMP) means and comprise-**

- Managing Director & Chief Executive officer;
- Whole-time Director;
- Company Secretary;
- Chief Financial Officer;
- Such other Officer as may be prescribed.

**“Senior Management”** shall mean officers/personnel of the listed entity who are members of its core management team excluding Board of Directors and normally this shall comprise all members of management one level below the chief executive officer/managing Director/whole time Director/manager (including chief executive officer/manager, in case they are not part of the Board) and shall specifically include company secretary and chief financial officer and including functional heads.

### **Role and Objective of Committee:**

1. To formulate the criteria for determining qualifications, positive attributes and independence of a Director.
2. Identify persons who are qualified to become Directors and who may be appointed in senior management positions in accordance with the criteria laid down in the policy.



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3. Recommend to the Board the appointment and removal of Directors and Senior Management.
4. Specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Committee itself or by an independent external agency and review its implementation and compliance.
5. Recommend to the Board a Policy, relating to the remuneration for the Directors, key managerial personnel and other employee .
6. To devise a policy on Board diversity
7. To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run Company successfully.
8. To ensure the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
9. To develop a Succession Plan for the Board and to review it regularly.
- 10.
11. *recommend to the board, all remuneration, in whatever form, payable to senior management.*
- 12.
13. To perform such other functions as may be referred by the Board or be necessary in view of the Listing Regulation, 2015 and the provisions of the Companies Act, 2013 and Rules made thereunder.

#### **Membership:**

1. The Committee shall comprise at least three (3) Directors, all of whom shall be non-executive Directors and at least half of them shall be Independent.
2. Minimum two (2) members or one third of the members, whichever is greater, including at least one (1) Independent Director in attendance shall constitute a Quorum for a Committee meeting.
3. Membership of the Committee shall be disclosed in the Annual Report.
4. Term of the Committee shall be continued unless terminated by the Board of Directors.

#### **Chairman:**

1. Chairman of the Committee shall be an Independent Director.
2. Chairperson of the Company may be appointed as a member of the Committee but shall not Chair the Committee.
3. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
4. Chairman of the Nomination and Remuneration Committee could be present at the Annual General Meeting or may nominate some other member of the committee to answer the shareholders' queries.



### **Frequency of Meetings:**

The meeting of the Committee shall be held at such regular intervals as may be required. However, the Committee shall meet atleast once in a year.

### **Committee Member's Interests:**

1. A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
2. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

### **Voting:**

1. Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall, for all purposes, be deemed to be a decision of the Committee.
2. In the case of equality of votes, the Chairman of the meeting will have a casting vote.

### **Appointment of Directors/KMP/Senior Management:**

While recommending a candidate for appointment, the Committee shall have regard to:

- Assessing the appointee against a range of criteria which includes but not limited to qualifications, skills, experience, background and other qualities required to operate successfully;
- The experience and knowledge that the appointee brings to the role of KMP/Senior Management, which, in turn, will enhance the skill sets and experience of the Board as a whole;
- The nature of existing positions held by the appointee including Directorship and such other relationship and the impact of the same on the Company's welfare.

### **Letter of Appointment:**

Each Independent/KMP/Senior Management, Director is required to sign the duplicate copy of the letter of appointment issued by the Company, which contains the terms and conditions of his/her appointment.



### **Policy on Board Diversity:**

The Nomination and Remuneration Committee shall ensure that the Board of Directors has the combination of Directors from different areas/fields or as may be considered appropriate in the best interests of the Company. The Board shall have at least one Board member who has accounting/financial management expertise.

### **Remuneration of Directors, Key Managerial Personnel and Senior Management:**

The salaries of Directors, Key Management Personnel and other Senior Management shall be based and determined on the individual person's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any.

#### **1. Fixed Pay :**

Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. The salary paid need to be competitive and reflective of the individual's role, responsibility and experience in relation to performance of day-to-day activities to be usually reviewed on an annual basis;

#### **2. Minimum Remuneration :**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

#### **3. Provision for excess remuneration :**

If any Managerial Person draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it, unless permitted by the Central Government.

#### **4. Increment :**

Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board, which should be within the slabs approved by the Shareholders in the case of Managerial Person.



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

### **1. Remuneration/Commission:**

The remuneration/commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the Rules made there under for the time being in force.

### **2. Sitting Fees:**

The Non- Executive/Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee(s) thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

## **Other Provisions:**

- Section 197(1) of the Companies Act, 2013 provides for the total managerial remuneration payable by the Company to its Directors, including Managing Director and Whole Time Director, and its Manager in respect of any financial year shall not exceed eleven percent of the net profits of the Company computed in the manner laid down in Section 198 in the manner as prescribed under the Act.
- The Company, with the approval of the Shareholders and Central Government, may authorise the payment of remuneration exceeding eleven percent of the net profits of the company, subject to the provisions of Schedule V.
- The Company may, with the approval of the shareholders, authorise the payment of remuneration upto five percent of the net profits of the Company to its any one Managing Director/Whole Time Director/Manager and ten percent in case of more than one such official.
- The Company may pay remuneration to its Directors, other than Managing Director and Whole Time Director upto one percent of the net profits of the Company, if there is a Managing Director or Whole Time Director or Manager and three percent of the net profits in any other case.
- The Independent Directors shall not be entitled to any Stock Option.



## **Evaluation/ Assessment of Directors/ KMPs/Senior Management of the Company**

The evaluation/assessment of the Directors, KMPs and the Senior Management of the Company is to be conducted on an annual basis and to satisfy the requirements of the Listing Regulation, 2015.

The following criteria may assist in determining how effective the performance of the Directors/KMPs/Senior Management has been:

- Leadership & stewardship abilities
- Assess policies, structures & procedures
- Regular monitoring of corporate results against projections
- Contributing to clearly define corporate objectives & plans
- Obtain adequate, relevant & timely information.
- Review achievement of strategic and operational plans, objectives, budgets
- Identify, monitor & mitigate significant corporate risks
- Directly monitor & evaluate KMPs, Senior Management
- Review management's Succession Plan
- Effective meetings
- Clearly defining role & monitoring activities of Committees
- Review of ethical conduct

Evaluation following the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/Non-Independent Directors in a separate meeting of the Independent Directors.

The Executive Director/Non-Independent Directors along with the Independent Directors will evaluate/assess each of the Independent Directors relative to the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion.

### **DEVIATIONS FROM THIS POLICY:**

Deviations on elements of this policy, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.