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## **NOMINATION, REMUNERATION AND EVALUATION POLICY**

### **Purpose:**

The primary objective of the Policy is to provide a framework and set standards for the nomination, remuneration and evaluation of the Directors, Key Managerial Personnel and officials comprising the senior management. The Company aims to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management.

### **Accountabilities:**

The Board is ultimately responsible for the appointment of Directors and Key Managerial Personnel.

The Board has delegated responsibility for assessing and selecting the candidates for the role of Directors, Key Managerial Personnel and the Senior Management of the Company to the Nomination and Remuneration Committee which makes recommendations & nominations to the Board.

### **Definitions:**

A. **Key Managerial Personnel:** Key Managerial Personnel means-

1. Chief Executive Officer or the managing director or the manager;
2. Company Secretary,
3. Whole-time Director;
4. Chief Financial Officer; and
5. Such other officer as may be prescribed.

B. **Senior Management:** Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the executive directors including all functional heads.



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### **Objective of the Policy:**

As required under the provisions of Section 178 of the Companies Act, 2013 and clause 49 of the listing agreement entered with Stock Exchanges, constituted a Board level committee titled "Nomination and Remuneration Committee" (herein after referred as the Committee) to oversee, inter-alia, matters relating to

- A. 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;
- B. formulate the criteria for determining qualifications positive attributes and independence of a director;
- C. recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees;
- D. carry out Annual performance evaluation of every director's performance including that of Independent Directors and
- E. devise a policy on Board Diversity

This Policy sets out the framework and guidelines that the said Committee is expected to observe in discharging its functions effectively as contemplated under aforesaid provisions i.e. to oversee process of identifying persons qualified to become directors of the Company, determining their qualifications, positive attributes and independence as well as identifying persons who may be appointed in senior management in accordance with the Company's internal requirements from time to time; in making its recommendations to the Board as to their appointment or removal as the case may be and to carry out evaluation of every director's performance including Independent Directors.

This Policy also contains the remuneration policy relating to the remuneration of the Directors, Key Managerial and Senior Managerial Personnel as well as policy on Board Diversity as recommended by the Committee and approved by the Board.

It is to be noted that framework and guidelines set out hereunder is subject to such periodical reviews and the Committee in consultation with Board of Directors and top management of the Company, may make such alterations as may be required from time to time to meet the exigencies arising out of statutory modifications or otherwise.



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### **POLICY FOR NOMINATION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION:**

#### **Nomination Criteria for Directors:**

In identifying and recommending the candidature for appointment as Director, the Committee will consider any or all of the following criteria:

1. Ethical standards of integrity and probity, maturity and balance of mind to perform the designated role, ability to bring exercise of independent judgment and judicious thinking, qualification, expertise as strategist, eminence in his field of expertise.
2. Possessing appropriate skills, experience and knowledge in one or more fields of Business including International Business, Strategy and Expansion, Engineering, Medicine, finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to preferably the company's business.
3. Non-disqualified under the applicable provisions of Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force, as the case may be;
4. Ensure that the proposed Director consents to act as Director and can devote his time and energies towards the overall development and betterment of the Company's business.
5. Ensure that the proposed Director discloses his interest and Company's shareholding, if any and the Committee feels that such interest will not affect in discharging his duties towards the Company in pursuance of the said appointment.
6. Ensure that the candidature of the Director will be in line with and promote the objectives enshrined in Company's policy on Board Diversity.

#### **Additional Criteria for Appointment of Independent Directors:**

The Committee will consider whether the Director meets the criteria of Independence as well as other attributes as mentioned under the provisions of Section 149 of the Companies Act, 2013 read with applicable rules and Schedule IV thereunder and clause 49 of the Listing Agreement, including any amendments made thereof from time to time.



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### **Nomination Criteria for KMPs / Senior Management personnel:**

The committee will consider:

1. Ethical standards of integrity and probity, maturity and balance of mind to perform the designated role, qualification, expertise and experience.
2. Possessing adequate qualification, expertise and experience as prescribed by the Company for the position he / she is considered for appointment. The Committee for this purpose, if required, will avail the assistance of other top executives of the Company but however, has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
3. Ensure that the person discloses his interest and the Committee feels that such interest will not affect in discharging his duties towards the Company in pursuance of the said appointment.
4. Ensure that the Company shall not appoint or continue the employment of any person as Managing Director, Whole-time Director or Manager who is below the age of Twenty-one years or has attained the age of seventy years without the approval of shareholders by passing a special resolution with proper justification.

### **Additional Responsibility of the Board:**

It is further to be noticed that it is the responsibility of the Board to obtain other relevant and applicable approvals and procedures as laid down under the provisions of the Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force and applicable as the case may be.

### **Term / Tenure, Continuity and Renewal:**

The Term / Tenure of the Directors shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder as amended from time to time. The terms of KMPs and other Senior Management employees shall be governed under their respective terms of appointment. As regards the continuity or renewal of appointment of Directors; their resignation and removal, the Committee will make its recommendations to the Board, based on the periodical evaluation process to be done under this document from time to time as well as subject to observation of provisions as contemplated under the Companies Act, 2013 and other applicable laws including listing agreement relating to disqualifications, resignation, removal and retirement. Directors, KMPs and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company respectively. The Board will have the discretion to retain



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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.

### **Matters pertaining to Remuneration:**

This policy also sets out the following remuneration policy applicable to the remuneration payable to Directors, key managerial and other Senior Managerial personnel and other employees of the Company.

### **General:**

1. The Company's remuneration policy, in general, is driven by the success and performance of the individual employee as well as his expertise in critical areas of operations of the Company.
2. The Committee will recommend the remuneration to be paid to the Managing Director, Whole-time Director, KMP and Senior Management Personnel to the Board for their approval and while recommending such remuneration, the Committee will consider, inter-alia, whether
  - a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the person of the quality or expertise required to run the company successfully;
  - b) The remuneration is comparable and in proportion to the accepted industry standards;
  - c) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - d) To the extent possible, such 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.
3. The remuneration / compensation / commission etc. so recommended shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
4. 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 Executive Directors.
5. Where if any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such



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insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

6. Loans, advances and other similar kind of benefits to KMPs, Senior Management Personnel will be governed by Company's relevant policies as applicable to all the employees of the Company read with relevant provisions of all applicable laws in that connection.

### **Remuneration to Executive Directors, KMPs and Senior Management Personnel:**

#### **A. Fixed pay:**

The Executive Director/ KMPs shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc., shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and/or Central Government, wherever required. Besides, Managing Director may be eligible for commission such that the total remuneration payable shall not exceed 5% of the net profits for each financial year as determined under the provisions of the Companies Act, 2013. Remuneration payable to Senior Management Personnel will be governed by their respective terms of appointment.

#### **B. Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Directors including Managing Director and Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

#### **C. Provisions for excess remuneration:**

If any Executive Director 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 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.





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

#### **A. Sitting Fee:**

The Non- Executive / Independent Directors may receive remuneration by way of fee for attending meetings of Board or Committee thereof. Provided that the amount of such fee shall not exceed such amount per meeting as may be prescribed under the provisions of the Companies Act, 2013 and rules made thereunder (as amended from time to time and approved by the Board).

#### **B. Commission:**

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

### **Matters pertaining to Evaluation:**

The Company conducts its operations under the overall direction of the Board of Directors within the framework laid down by various statutes, more particularly by the Companies Act, 2013; the Articles of Association, listing agreement with stock exchanges, internal code of conduct and policies formulated by the Company for its internal execution. Therefore it is necessary for the company to carry out the evaluation of all the directors on an annual basis. As regards the evaluation process; the scheme of the Companies Act, 2013 read with clause 49 of the listing agreement contemplates that:

- a) As required under Section 134(3)(p) of the Companies Act, the manner of formal evaluation made by Board of Directors of its own performance, that of its committees and individual Directors shall be disclosed in Board's Report;
- b) As required under Section 178(2), the Nomination and Remuneration Committee shall carry out evaluation of every Director's performance;
- c) As required under Clause VII of Schedule IV to the Companies Act, 2013; in the separate meeting held by the Independent Directors:
  - i. Performance of the non-independent directors and the Board as a whole shall be reviewed and
  - ii. Performance of the Chairperson of the Company (after taking into account views of Executive and Non-Executive directors) shall be reviewed.
- d) Clause 49 (II) (5) (a) stipulates that the Nomination & Remuneration Committee shall lay down the evaluation criteria for performance evaluation of independent directors and



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- e) Clause 49 (II)(5)(c) stipulates that the performance of Independent Directors shall be done by the entire Board.

As regards the evaluation criteria to be followed by Board for its evaluation of Committees and other Directors including Independent Director; Independent Directors or Non-Independent Directors, the same are dealt in other documents dealing with respective criteria of evaluations including the Duties, Responsibilities and key functions of Board as contemplated under the Act and clause 49 of the listing agreement. In all these cases, be it by Board or by Independent Directors, the evaluation of each Director would be done based on parameters like:

- a) Well informed and understand the Company, its business and the external environment in which it operates;
- b) Prepare well and participate actively in the Board and its committee meetings;
- c) Effectively probe to Test the assumptions; rendering independent and unbiased opinion;
- d) Assertive in holding to their views and resisting pressure from others;
- e) Follow-up on matters about which they have expressed concern;
- f) Strive to attend all meetings of the Board of Directors, Committees and General meetings;
- g) Contributions in development of a Strategy, Business plan or risk management;
- h) Maintenance of good interpersonal and cordial relationship with other Board members, KMPs and Senior Management personnel;
- i) Diplomatic and convincing way of presenting their views and listening to views of others;
- j) Up-to-date with the latest developments in areas such as the corporate governance framework, financial reporting and in the industry and market conditions etc.,
- k) Adhering to ethical standards, code of conduct of the Company and insider trading guidelines etc.,





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- l) Making timely disclosures of their interest and disclosure of non-independence, when it exists;
  
- m) His/her contribution to enhance overall brand image of the Company.

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board will carry out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and other Committees of the Board as applicable to the Company. Method of Performance Evaluation will be decided by board from time to time, Such as Questionnaire method, Comparison Method or and other method as may be decided by board. The Committee also follows the same in evaluating each Director of the Company. Further, the Executive Directors will be evaluated on the basis of targets / Criteria given to executive Directors by the board from time to time and Independent Directors would be evaluated by entire Board based on professional conduct, Roles, functions and duties as contemplated under Schedule IV of the Act, apart from their evaluation as Directors based on aforesaid criteria. The performance evaluation of the Chairman and the Non Independent Directors will be carried out by the Independent Directors who will also review the performance of the Secretarial Department.