

NOMINATION AND REMUNERATION POLICY OF THE COMPANY

(amended by Board of Directors w.e.f. 1st April, 2019)

Introduction

Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (erstwhile Clause 49 of the Listing Agreement), together with Guiding Principles set out therein, require the Nomination and Remuneration Committee ('NRC') to recommend to the Board a policy in respect of selection, appointment, performance evaluation and removal of Independent Directors and other Directors, including whole time directors, Key Management Personnel ('KMP') and other senior management, and a policy of remuneration to them.

Accordingly, as proposed by the NRC and in order to formalise the Company's current and ongoing policy and practices for the above mentioned objectives in a more structured manner, the Board sets out a policy framework as under.

General

The composition of the Board of Directors, the appointment of Directors, their number, duration of appointment, their remuneration and their removal, where appropriate, will always be in accordance with the Companies Act and any other applicable law, the Listing Agreement and the Memorandum & Articles of Association.

The Company will continue its policy of non-discrimination on grounds of race, ethnicity, language and religion or caste in appointment, promotion and remuneration of employees.

NRC will monitor the policy and processes as set out herein on behalf of the Board.

Composition of the Board

The Board is composed of Independent Directors and other Directors, both men and women, with diverse experience in different industries and professions, both in India and other countries, Managing Director and whole time directors holding executive positions in the Company with relevant expertise and experience. The process of appointment is transparent backed by appropriate documentation.

Independent Directors

The law and good governance requires the Company to appoint a third of its members of the Board (as defined in the Companies Act) to be independent.

Principal criteria for selecting an independent director are that he/she:

- must have considerable experience at senior levels in business, industry, professions, government or industry/ finance related institutions in India and/or other countries;
- has no conflict of interest, including any material or pecuniary interest, except for remuneration received as approved by law and/or shareholders;
- has the ability to evaluate and advise on strategy and business of the Company;
- has the ability to challenge and evaluate performance of the management, financial performance and risks in the business;

– has the ability to relate and advise on the effects of macro level economic, industrial and political environment and developments, including government policies, on the Company's affairs and management of its business.

The remuneration of Independent Directors, which may include sitting fees and commission on profit, is determined by the Board on recommendation of NRC and is subject to shareholders' approval and as required by law.

The maximum term of appointment of an Independent Director is determined by law and as approved by the Shareholders.

Performance of an Independent Director is evaluated annually by the NRC and the Board, excluding the director being evaluated, according to the evaluation criteria set by the Board.

An independent Director may be removed from the Board by a majority decision by its members for sufficient reasons which may include a conflict of interest, lack of attendance at meetings of the Board and its Committees and inadequate performance at such meetings as evaluated by the Board annually or otherwise.

Performance evaluation for an Independent Director is principally based on the following factors:

1. Attendance at meetings of the Board, Committees of which he / she is a member and of Shareholders;
2. Compliance with the Code of Conduct;
3. Constructive participation in the proceedings of the Board and Committees;
4. Evaluation and advice relating to the Company's performance, both financial and commercial;
5. Awareness of the Company's operations and organisation, applicable corporate and other major laws and regulations, fiduciary responsibilities and matters relating to Stock Exchanges, SEBI and corporate governance generally;
6. Adherence to independence, no-conflict of interest and protection of interests of stakeholders.

Other Directors

The Board may invite any person to join as member who may not qualify as Independent Director and is not an employee of the Company. For the sake of clarity and only for this policy framework such director is referred herein as 'non-executive director' (NED).

The criteria of selection of NED may include, among others, expertise or specialized knowledge in one or more areas of the Company's activities, knowledge of similar or related activities gained in the business of the promoter, technology provider or other business associate.

The duration of the term of appointment, remuneration and removal of NED is at the absolute discretion of the Board, but always according to law and the Listing Agreement, and under no circumstance can the remuneration to a NED exceeds that of any Independent Director.

Performance of an NED is evaluated annually by the NRC and the Board, excluding the director being evaluated, according to the evaluation criteria set by the Board.

Performance evaluation for an NED is principally based on the same factors as for Independent Directors and, in addition, on his/her contribution in respect of the specific areas of expertise and knowledge where applicable.

Remuneration of NED, where payable, is recommended by NRC on a case by case basis.

Key Managerial Personnel ('KMP') and Senior Management

This group comprises:

1. Managing Director/Chief Executive Officer 'CEO'
2. Chief Financial Officer 'CFO'
3. Company Secretary
4. Senior Management – Executives of the Company who are members of its core management team and one level below the Chief Executive Officer/ Managing Director/ Whole-time Director.

Managing Director

Appointment of the Managing Director/CEO is made by the Board on the recommendation of NRC.

Criteria for selection of Managing Director are knowledge of the business of the Company, experience in that business or any related business, leadership qualities, incisive understanding of the market, understanding socio-economic and political milieu in which the Company operates and effects thereof on the Company's policies and operations, objective setting and implementation of such objectives, ability to interact with the Board, ability to communicate effectively with employees, shareholders and other stakeholders and other publics.

Remuneration of Managing Director is determined by the Board on recommendation of NRC and approved by Shareholders and / or Central Government as required by law. While recommending remuneration payable NRC will consider, inter alia the factors as set out below for evaluation of performance.

Evaluation criteria for CEO's performance are: development and implementation of the Company strategy, achievement of short and long term plans, overall financial performance of the Company, effectiveness of management controls and systems in the Company, demonstrated communication skills and continued assessment of the effectiveness of organization structure, and protection of the Company's wealth and good standing.

Key Managerial Personnel and Senior Management

Whole-time Director

Selection, appointment and removal of KMP and Senior Management personnel is the responsibility of the Managing Director.

However, NRC in consultation with the Managing Director considers and recommends to the Board the appointment of a whole-time director from amongst the KMP and Senior Management.

Criteria for such selection and appointment as a director principally are:

- the need felt by the Board for expertise and experience of the individual to be available for Board deliberations as a member.
- as a reward/promotion for specially good performance and contribution to the Company's business.

Remuneration of a whole time director is determined by the Board on recommendation of NRC and approved by Shareholders and / or Central Government as required by law. While recommending remuneration payable, NRC considers the remuneration structure for senior management and additional responsibilities as a member of the Board.

Performance evaluation of a whole time director is made by the Managing Director in respect of his executive/operational responsibilities and by NRC on his performance at the Board on criteria similar to that set out for NED.

Evaluation of KMP and Senior Management is made annually by the Managing Director, principally based on both quantitative and qualitative performance in their specific area of executive responsibility, financial and other objectives as set in annual business plans, effectiveness of their leadership, management of people reporting to them, implementation of systems and controls in their operations, their contribution in the deliberations of executive and management groups and positive interaction with other executives and employees.

The remuneration of these personnel is determined by the Managing Director in consonance with the Company's policy to give fair managerial compensation taking account of their performance and contribution to the Company's overall performance.

The Company's compensation policy provides for variable content related to performance in remuneration package for all managerial personnel.

NRC develops its process and forms/matrices for performance evaluation from time to time as it deems appropriate.