

## **Policy on Director's Appointment and Remuneration**

The policy on appointment and remuneration of directors, key management personnel and other persons provides an underlying basis and guidance for human resource management, thereby aligning plans for strategic growth of the Company. The policy is pursuant to Section 178(4) of the Companies Act, 2013.

A brief summary of the policy in relation to the objective, appointment criteria, remuneration and general matters as administered by the Nomination and Remuneration Committee are reproduced herewith

### **BACKGROUND**

#### **SECTION I**

The Key Objectives of the Committee / Policy would be:

- To guide the Board in relation to appointment, retention and removal of Directors, Key Managerial Personnel and Senior Management.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel, senior management and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed, variable and stock option component.
- To devise a policy on Board diversity.
- To develop a succession plan for the Board.
- Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws.
- Analysing, monitoring and reviewing various human resource and compensation matters.

### **COMPOSITION AND MEETINGS**

The Board has constituted a Nomination and Remuneration Committee in line with the requirements of the Companies Act, 2013 which oversees the functions related to appointment and remuneration of Directors, Key Managerial personnel and senior management personnel.

The terms of composition and requirements as to the meeting of the Committee are as below-

- The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- Minimum two (2) members shall constitute a quorum for the Committee meeting.
- Membership of the Committee shall be disclosed in the Annual Report.
- Term of the Committee shall be continued unless terminated by the Board of Directors.

## **DEFINITION**

'Act' means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

'Board' means Board of Directors of the Company.

'Committee' means the Nomination and Remuneration Committee

'Directors' mean Directors of the Company.

'Key Managerial Personnel' (KMP) means Chief Executive Officer and Managing Director, Whole-time Director, Chief Financial Officer, Company Secretary and such other officer as may be prescribed under the Act.

"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.

## **SECTION II**

This section covers the duties of the Committee in relation to various matters and recommendations to be made by the Committee to the Board.

### **ROLE AND RESPONSIBILITY OF COMMITTEE**

Matters to be dealt with, perused and recommended to the Board by the Committee shall include –

- Formulating the criteria for determining qualifications, positive attributes and independence of a director.
- Identifying persons who are qualified to become Directors and persons who may be appointed in Key Managerial positions in accordance with the criteria laid down in this policy.
- Recommending to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

Specifically, the responsibilities include

#### **A. NOMINATION MATTERS**

- Determining the appropriate size, diversity and composition of the Board;
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- Ensuring that there is an appropriate induction in place for new Directors and reviewing its effectiveness;

- Identifying and recommending Directors who are to be put forward for retirement by rotation;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance, Industry benchmarks and compliance;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- Recommend necessary changes to the Board in line with Board Diversity Policy; and
- Considering any other matters, as may be requested by the Board.

## **B. REMUNERATION MATTERS**

- Considering and determining the Remuneration Policy, based on level, performance and composition of remuneration is reasonable and sufficient to attract, retain and motivate members of the Board.
- To approve the remuneration of key managerial personnel, senior management and other employees of the Company by maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company, and its growth strategy.
- To manage and administer the Employee Stock Option Plans including long term incentive in the form of Restricted Stock Units of the Company;
- To consider any other matters as may be requested by the Board and/or are statutorily prescribed under any law to be attended to by such committee.

## **SECTION III**

This section covers the Policy for appointment, term and retirement of Directors and KMP by the Committee.

### **Appointment criteria and qualifications**

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP and recommend to the Board his / her appointment.
- A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- The Company shall not appoint any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended

beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

- The Company shall not appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy-five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person;

## **Term / Tenure**

- **Managing Director/Whole-time Director:** The Company shall appoint or re-appoint any person as its Managing Director or Executive Director for a term not exceeding such term as may be specified under the Act. No re-appointment shall be made earlier than one year before the expiry of term, and which shall be done with the approval of the shareholders of the Company.
- **Independent Director:** - An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for re-appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

The committee shall ensure to include evaluation as a criteria towards the decision on whether to extend or continue the term of appointment of the independent director on the basis of the report of performance evaluation of independent directors.

## **Evaluation**

The Committee shall carry out evaluation of performance of every Director and shall review the performance of KMP and Senior Management Personnel at regular intervals and at least on an annual basis.

## **Removal**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director or KMP subject to the provisions and compliance of the said Act, rules and regulations.

## **Retirement**

The Director and KMP shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director or KMP in the

same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## **SECTION IV**

This Section of the Policy covers provisions relating to the Remuneration for the Whole-time Director, KMP, Senior Management Personnel and other employees.

### **General**

- The relationship of remuneration with the performance is clear and meets performance benchmarks.
- The remuneration to the Whole-time Director and KMP will be determined by the Committee and recommended to the Board for approval. Wherever required, the remuneration / compensation / commission etc. shall be subject to approval of the shareholders of the Company and Central Government.
- The remuneration and commission including increments recommended to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down as per the provisions of the Act. These would be subject to approval of the shareholders of the Company.
- The remuneration including increments payable to KMPs, senior management and any other employees shall involve balance between fixed and variable pay and as per the prevailing policy of the Company.
- Where any insurance is taken by the Company on behalf of its Directors, KMP and Senior Management for indemnifying them against any liability, the premium paid on such 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.

### **Remuneration to Whole-time / Executive / Managing Director, KMP and others**

- a) Fixed pay: The Whole-time Director / Managing Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if-
  - I. the annual remuneration payable to such executive director exceeds rupees 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or
  - II. where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity.

- b) 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 and approved by the shareholders and Central Government, wherever required.
- c) Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its 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, then with the previous approval of the Central Government.
- d) Long-term rewards: These long-term rewards are linked to contribution to the performance of the Company based on relative position of the personnel in the organisation. These rewards could be in the form / nature of stock options and are based on level of employees and their criticality.
- e) Provisions for excess remuneration: If any Whole-time 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.

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

- a) Remuneration / Commission: The remuneration / commission shall be fixed as per the limits mentioned in the Act, subject to approval from the shareholders as applicable.

The approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof.

- b) Sitting Fees: The Non- Executive / Independent Director shall receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed such amount as may be prescribed by law from time to time.
- c) Stock Options: An Independent Director shall not be entitled to any stock option of the Company.

The remuneration structure for Non-Executive Directors per meeting of the Board / Committee effective April 1, 2019 is as follows –

Particulars	Currency	Amount
Board sitting fees	INR	100,000
Board Commission for Chairperson*	US\$	10,000
Board Commission for other members	US\$	5,000
Travel allowance for overseas directors (Non US)	US\$	3,000
Travel allowance for overseas directors (US)	US\$	4,000
Chairperson of Audit Committee	US\$	4,000
Chairperson of other Committees	US\$	2,000
Members of Audit Committee	US\$	2,000
Members of other Committees	US\$	1,000

\*w.e.f. May 12, 2020

The Directors are also entitled for a commission of USD 2000 each for attending the Strategy meeting of the Board as well as the Annual General Meetings of the Company.

Remuneration to KMPs, senior management and any other employees

The remuneration including increments, payable to KMPs, senior management and any other employees shall be linked with individual's overall performances and as decided by the HR within the overall performance framework approved in consultation with MD/CEO. The remuneration should involve balance between fixed and variable pay as per the prevailing policy of the Company.

#### **AMENDMENTS AND UPDATES**

The Nomination and Remuneration Committee shall periodically review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate, which shall be in accordance with the provisions of the Companies Act, 2013. In case of any modifications, amendments or inconsistencies with the Act, the provisions of the Act and the rules made thereunder would prevail over the Policy.

**For and on behalf of the Board**

Place: Bengaluru  
Date: May 12, 2020

Kiran Mazumdar Shaw  
Chairperson  
DIN: 00347229