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## (NOMINATION AND REMUNERATION COMMITTEE CHARTER CUM POLICY )

The policy on nomination and payment of remuneration to Directors, Key Managerial Personnel and Senior Management has been approved by the Board of Directors of the Company in its Board Meeting held on 2<sup>nd</sup> May, 2019.

The Nomination and Remuneration Committee and this policy shall be in compliance with the Section 178 of the Companies Act, 2013 (“Act”) read along with the applicable rules thereto and the Articles of Association of the Company.

### 1. OBJECTIVES OF THE COMMITTEE

The Key Objectives of the Committee would be:

- (i) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- (ii) To guide the Board in relation to identification, appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- (iii) To specify the manner of the effective evaluation of the performance of the Board, its Committee and individual directors and provide necessary report to the Board for further evaluation of the Board and review its implementation and compliance.
- (iv) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- (v) To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- (vi) To devise a policy on Board diversity.
- (vii) To develop a succession plan for the Board, including CXOs and to regularly review the plan.

### 2. DEFINITIONS

- (i) "**Act**" means the Companies Act, 2013 and rules framed thereunder, as amended from time to time.
- (ii) "**Articles**" means the Articles of Association of the Company.
- (iii) "**Board**" means Board of Directors of the Company.
- (iv) "**Directors**" mean Directors of the Company.
- (v) "**Key Managerial Personnel**" or "**KMP**" shall have the meaning ascribed to it under Section 2 (51) of the Act, , means:
  - (a) Chief Executive Officer or the Managing Director or the Manager;
  - (b) Whole-time director;
  - (c) Chief Financial Officer;
  - (d) Company Secretary;
  - (e) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
  - (f) such other officer as may be prescribed.

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- (vi) **"Senior Management"** means personnel of the company who are members of its core management team excluding the Board of Directors and Key Managerial Personnel and (i) Chief Human Resource Officer, (ii) Chief Compliance Officer, (iii) Chief Operating Officer comprising all members of management one level below the executive directors, including the functional heads”

### 3. ROLE OF THE COMMITTEE

#### 3.1. Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee.

The Committee shall

- (i) Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- (ii) Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- (iii) Recommend to the Board appointment and removal of Director, KMP and Senior Management personnel.
- (iv) Specify the manner for effective evaluation of the performance of the Board, its Committee and Individual directors to be carried out by the Board, by the Nomination and Remuneration Committee or by an Independent external agency and review its implementation and Compliance.

#### 3.2. Policy for appointment and removal of Director, KMP and Senior Management

(i) **Appointment criteria and qualifications:**

- (a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- (b) 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.
- (c) The Committee shall ensure that the person so appointed as Director or Key managerial Personnel is not disqualified under the Companies Act, 2013, rules made thereunder, or any enactment for the time being in force.

(ii) **Tenure**

(a) **Managing Director/Whole-time Director:**

- (1) The Company shall appoint or re-appoint any person as its Managing Director or Whole-time Director for a term not exceeding five years at a

time. No re-appointment shall be made earlier than one year before the expiry of term.

- (2) The Company shall not appoint or continue the employment of any person as Managing Director or Whole- time Director who has attained the age of 70 (seventy) years. Provided that the term of the person holding this position may be extended beyond the age of 70 (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 70 (seventy) years.

(b) Independent Director:

- (1) 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.
- (2) No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for 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.

### 3.3. Evaluation

The Committee shall carry out review of the KRAs and evaluation of performance of every Director, KMP and Senior Management personnel at regular interval (yearly).

### 3.4. Removal

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

### 3.5. Retirement

The Director, KMP and Senior Management personnel 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, KMP, Senior Management personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**(NOMINATION AND REMUNERATION COMMITTEE CHARTER CUM POLICY )**

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**3.6. Policy relating to the Remuneration for the Managing Director, Whole-time Director, KMP and Senior Management personnel**

Please refer to Addendum -I

**4. CONSTITUTION OF THE COMMITTEE**

- (i) In accordance with the Articles and subject to the Act, the Committee shall comprise of 2 (two) Independent Directors and 1 (one) Investor Director as may be identified by the Investor (as defined in the Articles).
- (ii) Key Employees (as defined under the Articles) may also participate in such meetings in a non-voting capacity upon invitation by the committee.
- (iii) The Investor and the Promoter (as defined in the Articles) shall have the right to nominate 1 (one) representative each to attend all meeting of the Committee (whether in person , via telephone call or as may otherwise be reasonably requested by the Investor and the Promoter, as the case may be ) in a non- voting, observer capacity.
- (iv) In addition to the members, the Committee can invite such persons (in non-voting capacity) to attend their meeting and deliberations, subject to such persons executing a confidentiality / non-disclosure agreement, or being bound by confidentiality obligations, and also confirm absence of conflict of interests in writing.
- (v) Minimum Two (2) members shall constitute a quorum for the Committee meeting.
- (vi) Constitution of the Committee shall be disclosed in the Annual Report.
- (vii) Term of the Committee shall be continued unless terminated by the Board of Directors.

**5. CHAIRPERSON**

- (i) The committee may elect a chairperson of its meetings, unless the Board, while constituting a Committee, has appointed a Chairperson of the Committee
- (ii) Chairperson of the Committee shall be an Independent Director.
- (iii) Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairperson of the Committee.
- (iv) In the absence of the Chairperson of the Committee, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- (v) Chairman of the Nomination and Remuneration Committee could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

**6. FREQUENCY OF MEETINGS**

The meeting of the Committee shall be held at such regular intervals as may be required.

**(NOMINATION AND REMUNERATION COMMITTEE CHARTER CUM POLICY )**

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**7. COMMITTEE MEMBERS' INTERESTS**

- (i) 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.
- (ii) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

**8. VOTING**

- (i) 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 a decision of the Committee.
- (ii) In the case of equality of votes, the Chairman of the meeting will not have a casting vote.

**9. NOMINATION DUTIES**

The duties of the Committee in relation to nomination matters include:

- (i) Ensuring that there is an appropriate induction in place for new Directors, Key Managerial Personnel and Senior Management and reviewing its effectiveness;
- (ii) Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- (iii) Identifying and recommending Directors who are to be put forward for retirement by rotation;
- (iv) Determining the appropriate size, diversity and composition of the Board and its committee;
- (v) Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- (vi) Developing a succession plan for the Board, KMP and Senior Management and regularly reviewing the plan;
- (vii) Evaluating the performance of the Board members, KMP and Senior Management in the context of the Company's performance from business and compliance perspective;
- (viii) 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;
- (ix) Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- (x) Recommend any necessary changes to the Board; and
- (xi) Considering any other matters, as may be requested by the Board.

**10. REMUNERATION DUTIES**

The duties of the Committee in relation to remuneration matters include:

**(NOMINATION AND REMUNERATION COMMITTEE CHARTER CUM POLICY )**

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- (i) to monitor the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract, retain and motivate members of the Board and such other factors as the Committee shall deem appropriate as elements of the remuneration of the members of the Board;
- (ii) to approve the remuneration of the Key Managerial Personnel and the Senior Management maintaining a balance between fixed and incentive pay reflecting short term and long term performance objectives appropriate to the working of the Company;
- (iii) to delegate any of its powers to one or more of its members or the Secretary of the Committee;
- (iv) to consider any other matters as may be requested by the Board; and
- (v) the professional indemnity and liability insurance for Directors and senior management.

**11. MINUTES OF COMMITTEE MEETINGS**

- (i) Company Secretary of the Company shall record the proceeding of the meetings of the Committee.
- (ii) The Chairman of the Committee shall ensure that, the proceeding of the meeting are correctly recorded.
- (iii) Within fifteen days (15) from the date of conclusion of the meeting, the draft minutes thereof shall be circulated to all the members of the Committee, for their comment.
- (iv) The member of the Committee, whether present at the meeting or not, shall communicate their comment, if any, in writing on the draft minutes within seven days from the date of circulation.
- (v) The observations/ suggestions made by the members shall be incorporated in the draft minutes and entered in the minutes book within thirty days from the date of the meeting.
- (vi) Minutes of the meeting shall be signed either by the chairperson of such meeting at any time before the next meeting or by the chairperson of the next meeting.

**12. DIRECTORS' AND OFFICERS' INSURANCE**

Where any insurance is taken by the Company on behalf of its Directors, KMPs and Senior Management Personnel, among others 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 unless otherwise specifically provided under the Act. Provided where any Director, KMP and SMP are proved to be guilty, then the premium paid on such insurance shall be treated as part of the remuneration.

(NOMINATION AND REMUNERATION COMMITTEE CHARTER CUM POLICY)

ADDENDUM –I

- (i) The remuneration / compensation / commission etc. to the Managing Director and Whole-time Director and other Directors shall be determined by the Committee and recommended to the Board for approval.
- (ii) The remuneration to the KMP (other than Managing Director & Whole time Director) and Senior Management shall be determined and approved by the Committee of the Company.
- (iii) The remuneration and commission to be paid to the Managing Director and Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.
- (iv) Increments to the existing remuneration/ compensation structure of Managing Director and Whole time Director shall be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders \
- (v) The remuneration of Managing Director, Whole Time Director, KMP and Senior Management shall be divided in fixed and variable components, if any. The fixed component shall comprise salary, perquisites, allowances, amenities; whereas the variable component consists of performance bonus.
- (vi) Remuneration Managing Director and Whole time Director
  - (a) **Fixed pay:** The Managing Director and Whole-time Director/ 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 Provident Fund, 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 Central Government, wherever required.
  - (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 Managing Director and Whole-time Director in accordance with the provisions of the Act (including Schedule V).
  - (c) **Provisions for excess remuneration:** If any Managing Director or 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 shareholders and 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.
- (vi) Remuneration to Non- Executive / Independent Director:
  - (a) Remuneration / Commission: The remuneration / commission shall be fixed as per the conditions in mentioned in the Articles of Association of the Company and the Act.



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- (b) **Sitting Fees:** The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board and Committee thereof. Provided that the amount of such fees shall not exceed Rs. One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
  - (c) **Commission:** Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 5% of the profits of the Company computed as per the applicable provisions of the Act or such limits approved by the shareholders of the Company.
  - (d) **Stock Options:** An Independent Director shall not be entitled to any stock option of the Company.
- (vii) **Remuneration of KMP/ Senior Management**
- (a) The Remuneration to be paid to KMP and Senior Management shall be based on the experience, qualification and expertise of the related personnel
  - (b) The Senior Management and KMP of the Company shall be paid monthly remuneration comprises basic salary, dearness allowance, house rent allowance, ex-gratia, performance bonus, contribution to provident fund and, premium on medical insurance and personal accident insurance, gratuity, leave travel allowance, leave encashment, and so on, as applicable and linked to their grade as per the Company's HR Policy and as approved by the Committee on the recommendation of the management.
  - (c) The annual increments for the KMP and Senior Management shall be carried out by the management and shall be approved by the Committee.
  - (d) The KMP and Senior Management of the Company may also be eligible for stock options as per the scheme framed/ to be framed by the Company, from time to time.
  - (e) The KMP and Senior Management must conduct themselves to ensure that no breach of Code of Conduct, Standard Operating Procedures (SOPs) and all other relevant and applicable Codes are committed. Any such breach will have a direct bearing on their performance appraisal and rewards and shall also attract appropriate disciplinary action.