

## NOMINATION AND REMUNERATION POLICY

The Nomination & Remuneration Policy of the Company is designed to attract, motivate and retain manpower in a competitive and international market. The policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

The Nomination & Remuneration Policy applies to the Company's senior management, including its Key Managerial Person (KMP) and Board of Directors.

The policy is pursuant to Section 178(4) of the Companies Act, 2013 and. A brief summary of the policy in relation to the objective, appointment criteria, remuneration etc., are reproduced herewith –

### **GUIDING PRINCIPLES**

#### **Selection Criteria for Directors**

The Company shall consider the following aspects while appointing a person as a Director on the Board of the Company:

#### **Skills and Experience:**

The candidate shall have appropriate skills and experience in one or more fields of finance, law, management, sales, marketing, administration, public administrative services, research, corporate governance, technical operations or any other discipline related to the Company's business.

#### **Age Limit**

The candidate should have completed the age of twenty-one (21) years and should not have attained the age of seventy five (75) years at the time of appointment. However, the Nomination and remuneration committee of the Board of Directors may relax the upper age limit on case to case basis depending on the merits of the candidate.

#### **Directorship**

The number of companies in which the candidate holds Directorship should not exceed the number prescribed under the Act or under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



### **Selection criteria for senior management**

As per the policy, Senior Management for the purpose of this policy shall mean employees hired at the level of Divisional Heads and Corporate Functional Heads or equivalent positions.

The policy provides that the candidate should have appropriate qualifications, skills and experience for discharging the role. The qualifications, skills and experience of each such position shall be defined in the job description, which will be maintained by the HR function.

### **Remuneration for Directors, KMP and Other Employees**

The guiding principle is that the remuneration and the other terms of employment shall be competitive in order to ensure that the Company can attract and retain competent Executives.

- The remuneration policy for executives reflects the overriding remuneration philosophy and principles of the Company. When determining the remuneration policy and arrangements for Executive Directors/ KMP's, the Nomination & Remuneration Committee considers pay and employment conditions with peers / elsewhere in the competitive market to ensure that pay structures are appropriately aligned and that levels of remuneration remain appropriate in this context.
- The Committee while designing the remuneration package considers the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the company successfully.
- The Nomination & Remuneration Committee while considering a remuneration package must ensure a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.
- The Committee considers that a successful remuneration policy must ensure that a significant part of the remuneration package is linked to the achievement of corporate performance targets and a strong alignment of interest with stakeholders.
- The Nomination and Remuneration Committee of the Company, constituted for the purpose of administering the Employee Stock Option Plan/ scheme, shall determine the stock options and other share based payments to be made to Directors (other than Independent and Promoter Directors), KMPs and Employees of the Company.

### **The criteria for making payments to the Executive Directors are:**

1. Salary, as recommended by the Nomination and Remuneration Committee and approved by the Board and the shareholders of the Company. Perquisites, retirement benefits and performance pay are also paid/provided in accordance with the Company's compensation policies, as applicable to all employees and the relevant legal provisions.



2. Remuneration paid to the Executive Directors is determined keeping in view industry benchmarks and Caplin Policies.

**The criteria for making payments to Independent Directors are:**

1. The Independent Directors are paid sitting fees for attending the meetings of the Board and Committees.
2. The Independent Directors do not receive any commission on the net profits of the Company.
3. The remuneration paid to the Directors during the year is given in detail in the Corporate Governance Report.

**PERFORMANCE EVALUATION**

The process approved by the Nomination and Remuneration Committee requires the Chairman to initiate the performance evaluation process in the month of April every year. The performance evaluation is conducted based on approved criteria in the evaluation forms. The process highlights are as under:

**a) Board:**

Each Board member completes the self-evaluation form. Independent Directors discuss the self-evaluation forms in a separate meeting and share their feedback with the Chairman. The Chairman discusses the evaluation form analysis with the Managing Director and later with the entire Board at the Board Meeting.

**b) Committees:**

Each Committee member completes the self-evaluation form and shares feedback with the Chairman. The Chairman discusses the evaluation form analysis with the Managing Director and later with the entire Board at the Board Meeting.

**c) Chairman and Executive Directors:**

Each Board member completes the peer evaluation form. Independent Directors discuss the peer evaluation forms in a separate meeting and share their feedback with the Chairman. The Chairman conveys feedback individually to the concerned Directors.

**d) Independent Directors:**

Each Board member completes the peer evaluation and shares feedback with the Chairman. The Chairman conveys feedback individually to the concerned Directors.

## CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES & INDEPENDENCE OF DIRECTOR

### 1. Qualifications of Independent Director

An Independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the company's business.

### 2. Positive Attributes of Independent Director

An independent director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity, act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the company, devote sufficient time and attention to his professional obligations for informed and balanced decision making and assist the company in implementing the best corporate governance practices.

### 3. Independence:

The candidate proposed to be appointed as an Independent Director, should not have any direct or indirect material pecuniary relationship with the Company and must satisfy the requirements imposed under the Act or under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## POLICY REVIEW

This policy is framed based on the provisions of the Companies Act, 2013, and rules there under and requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This policy shall be reviewed by the Nomination and Remuneration Committee as and when changes needs to be incorporated in the policy due to changes in regulations or as may be felt appropriate by the Committee.

