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REMUNERATION POLICY

A. BACKGROUND

This policy has been prepared pursuant to the provisions of Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements), Regulation 2015 to ensure the payment of equitable, competitive remuneration to Directors, Key Managerial Personnel (KMP) and employees of the Company which is based on individual performance, Company's benchmark, Industry practices and performance of the Company as a whole.

While formulating this policy, the Nomination and Remuneration Committee ("NRC") has considered the factors laid down under Section 178 of the Act, which are as under:

- a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully.
- b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

This Policy has been approved by the Board of Directors at their meeting held on August 9, 2019 and shall be effective from April 1, 2019 superseding the earlier Remuneration Policy of the Company.

B. OBJECTIVE

The objective and purpose of this Policy is:

- To determine remuneration based on the Company's business outlook, financial position, growth and trends and practices on remuneration prevailing in competitive compensation.
- To align reward and recognition mechanism directly to the effort, performance, dedication and achievement relating to the Company's operations.
- To attract, retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

- To 'Pay for Performance' i.e the remuneration shall be linked to the performance and to strike the right balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the goals of the Company.
- To ensure compliances and maintain high standards to governance.

C. COVERAGE

The remuneration guidelines for Whole-Time-Directors, Independent Directors, Non-Executive Directors and Employees of the Company is given below:

Remuneration of Whole-Time-Directors

- The remuneration to Whole-Time-Directors shall be recommended by the NRC and approved by the Board of Directors, subject to the subsequent approval by the shareholders at the general meeting.
- The remuneration for Whole-Time-Directors shall be arrived by considering various factors such as qualification, experience, expertise, prevailing remuneration in the Industry, future contribution and the financial position of the Company. The elements of the remuneration and limits are as per Sections 178, 197 and Section V of the Companies Act 2013 and provisions of the SEBI (Listing Obligations & Disclosure Requirements), Regulation 2015.
- The remuneration of Whole-Time- Directors may be divided into fixed and variable components. The fixed component comprises Salary, Allowances, Perquisites, Provident Fund, Gratuity etc. The variable component comprises Annual Performance Pay which may be a fixed amount or % of profits. In addition to this, the Whole-Time-Directors shall also be eligible for grant of stock options.
- If in any financial year during the tenure of the Whole-Time-Directors, the Company has no profits, or its profits are inadequate, they shall be paid the remuneration as decided above, as the minimum remuneration in terms of Section 197 read with Schedule V to the Companies Act, 2013.

Remuneration to Independent Directors and Non-Executive Directors

- The Independent Directors and Non-Executive Directors of the Company would be paid sitting fees as approved by the Board of Directors within the permissible limits prescribed under the Companies Act, 2013 and rules framed thereunder for attending meetings of the Board and committees thereof.
- Independent Directors shall not be entitled to stock options.

Remuneration of Senior Management, Key Managerial Personnel and employees of the Company

The remuneration for the Senior Management, Key Managerial Personnel, and employees of the Company will be guided by external competitiveness and internal parity through benchmarking surveys from time to time. The remuneration structure can be either fixed or combination of fixed and variable components. The fixed component comprises salary, allowances, perquisites, PF etc. The variable component comprises of an amount linked to performance of the individual employee and the Company as a whole. In addition to this the Company may also grant stock options, pursuant to which, equity shares of the Company may be offered and allotted to the employees as per the approved ESOP Scheme.

Internally, performance ratings of all Employees would be carried out based on the Performance Management System followed by the Company. The rating obtained by an employee will determine his / her total compensation.

Compensation can also be determined based on identified skill sets critical to success of the Organization. It is determined as per Management's review of market demand and supply, Industry benchmarks etc.

The compensation to the senior management-Band F (defined as one level below the Vice-Chairman & Managing Director) shall be recommended by the NRC to the Board.

The Executive Management shall be responsible for drafting, reviewing and implementing various policies for Internal Benchmarking, Compensation and Performance Management System. It also, will be responsible for presenting the Employee Stock Option Scheme to the Committee /Board for their approval.

Performance Evaluation Process – Performance Management System

In line with the mandates under Companies Act, 2013 read with the SEBI (Listing Obligations & Disclosure Requirements, 2015) the performance evaluation of the Directors shall be carried out by the Board / Independent Directors on parameters as approved by the NRC.

The evaluation of employees of the Company including Senior Management, KMP's shall be as per the annual performance evaluation policy of the Company i.e. as defined by the Executive Management of the Company from time to time following the below mentioned principles:

- Aligning Organization objectives to individual goals.
- Fair and Transparent Assessment of Performance
- Recognizing and Rewarding Performance
- Differentiating High Performance
- Understanding and developing of current and future competencies

The goals are derived from the Company's vision which is translated to Annual Business Plan. These goals are cascaded to the Functional Heads / Unit Heads / Business Heads and from them to Departmental Heads, and then to the respective Employees in each Department.

Thus, the Company's annual business goals are cascaded to all levels in the Organization. The Employees are rated based on achievements of these goals and a defined competency framework. The weightages of these depend on the level within the Organization.

D. AMENDMENT

The NRC shall amend or modify this Policy in whole or in part, as required at any time and such amendment/modification shall be effective from the date that the Board may approve /notify in this behalf.