



# **GMR ENTERPRISES PRIVATE LIMITED**

**Draft**

## **Nomination and Remuneration Policy**

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## 1. INTRODUCTION

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Pursuant to Section 178 of the Companies Act, 2013 the Board of Directors of every Public listed Company shall constitute a Nomination and Remuneration Committee (“NRC”) consisting of three or more non-executive directors out of which not less than one-half shall be independent Directors. Since, the Company is a Private Limited Company and have its Non-Convertible Debentures Listed with BSE thus, obtained the status of a listed entity hence, this is Policy is not mandatory. However, the Company has voluntarily constituted Nomination and Remuneration Committee having its members as non-executive Directors without any Independent Directors on the Board.

This Committee is also required as per RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 September 01, 2016 to ensure 'fit and proper' status of proposed/ existing directors and shall have the same powers, functions and duties as laid down in section 178 of the Companies Act, 2013.

### 1.1. Purpose of the Policy

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The purpose of this Policy is to formulate the criteria for determining qualifications, positive attributes, independence and fit and proper status of a Director including remuneration for the directors, key managerial personnel and other employees.

The Key Objectives of the Committee are:

- (a) To guide and recommend the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- (b) To formulate criteria for determining qualifications, positive attributes and independence of the Directors and to recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- (c) To carry due diligence along with scrutiny of the declarations from the Directors at the time of appointment / renewal of appointment of Director(s), decide on the acceptance or otherwise of the Directors, where considered necessary, based on the information provided in the signed declaration and suitably recommending the candidature of Directors to the Board.
- (d) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- (e) 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;
- (f) Relationship of remuneration to performance is clear and meets appropriate performance benchmark; and
- (g) Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

## 1.2. Definitions

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- 1.2.1. “Board”** means the Board of Directors of the Company.
- 1.2.2. “Company”** means “GMR Enterprises Private Limited”
- 1.2.3. “Independent Director”** means a director referred to in Section 149 (6) of the Companies Act, 2013.
- 1.2.4. “Employees’ Stock Option”** means the option given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.
- 1.2.5. “Key Managerial Personnel”** or “KMP” means Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and the Rules made thereunder.  
*(As per Section 203 of the Companies Act, 2013, the following are whole-time Key Managerial Personnel:*
- (i) Managing Director or Chief Executive Officer or the Manager and in their absence a whole-time Director;*
  - (ii) Company Secretary; and*
  - (iii) Chief Financial Officer.)*
- 1.2.6. “Nomination and Remuneration Committee”** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the RBI Regulations.
- 1.2.7. “Policy or This Policy”** means, “Nomination and Remuneration Policy.”
- 1.2.8. “Remuneration”** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- 1.2.9. “Senior Management”** means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads.

## 1.3. Interpretation

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Words and expressions used in this Policy shall have the same meanings respectively assigned to them in the following acts, listing agreement, regulations, rules:

- (i) The Companies Act, 2013 or the rules framed thereon;
- (ii) Debt Listing Agreement with the Stock Exchanges;
- (iii) Securities Contracts (Regulation) Act, 1956;
- (iv) Securities and Exchange Board of India Act, 1992;

- (v) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009;
- (vi) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (vii) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (viii) RBI Act, 1934 and Rules and Regulations made thereunder (as amended).

## **2. NOMINATION AND REMUNERATION COMMITTEE**

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### **2.1. Role of the Committee**

- (a) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
- (b) Formulating the criteria for determining qualifications, positive attributes, independence of a director, fit and proper status and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- (c) Formulating the criteria for evaluation of Independent Directors and the Board (as applicable);
- (d) Devising a policy on Board diversity;
- (e) Ensuring that the Board comprises of a balanced combination of Executive Directors and Non-Executive Directors;
- (f) All information about the Directors / Managing Directors / Whole time Directors / Key Managerial Personnel i.e. background details, past remuneration, recognition or awards, job profile shall be considered and disclosed to the shareholders, where required;
- (g) The Committee shall take into consideration and ensure the compliance of provisions under Schedule V of the Companies Act, 2013 for appointing and fixing remuneration of Managing Directors / Whole-time Directors;
- (h) While approving the remuneration, the Committee shall take into account financial position of the Company, trend in the industry, qualification, experience and past performance of the appointee;
- (i) The Committee shall be in a position to bring about objectivity in determining the remuneration package while striking the balance between the interest of the Company and the shareholders.

## **2.2. Composition of the Committee**

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The composition of the NRC, at any point of time shall:

- (a) comprise of at least three (3) Directors, all of whom shall be Non-Executive Directors;
- (b) constitute a quorum for the Committee meeting by minimum two (2) members present;
- (c) disclose membership of the Committee in the Annual Report;
- (d) continue application of the terms of the Committee unless amended / terminated by the Board of Directors
- (e) reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirement(s);

## **2.3. Chairperson of the Committee**

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- (a) Chairperson of the Committee shall be elected among themselves;
- (b) Chairperson of the Company may be appointed as a member of the Committee but shall not Chair the Committee;
- (c) In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson;
- (d) Chairperson of the Nomination and Remuneration Committee shall be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

## **2.4. Frequency of the Meetings of the Committee**

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

## **2.5. Committee Member's Interest**

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

## **2.6. Voting at the Meeting**

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- (a) 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.

- (b) In the case of equality of votes, the Chairperson of the meeting will have a casting vote.

## **2.7. Minutes of the Meeting**

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Proceedings of all meetings shall be minuted and signed by the Chairperson of the said meeting or the Chairperson of the next succeeding meeting. Minutes of the Committee meeting shall be tabled at the subsequent Board and Committee Meeting.

## **3. APPLICABILITY**

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This Policy is Applicable to:

- (a) Directors (Executive, Non-Executive and Independent);
- (b) Key Managerial Personnel (KMP);
- (c) Senior Management Personnel;
- (d) Such other employees as may be decided by the Nomination and Remuneration Committee from time to time.

## **4. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL**

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### **4.1. Appointment criteria and qualifications**

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- (a) Subject to the applicable provisions of the Companies Act, 2013, the Debt Listing Agreement, other applicable laws, if any, and GMR Group HR Policy, 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;

The Committee has discretion to decide the adequacy of qualification, expertise and experience for the concerned position;

- (b) The Company shall not appoint or continue the employment of any person as Managing Director / Whole-time Director / Manager 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.

### **4.2. Term / Tenure**

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#### **4.2.1. Managing Director / Whole-time Director / Manager (Managerial Personnel)**

The Company shall appoint or re-appoint any person as its Managerial Personnel 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.

#### **4.2.2. Independent Director**

On appointment of Independent Directors by the Company, the following shall be applicable:

- (a) 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;
- (b) 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.

- (c) At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director/Managing Director of a listed company;
- (d) The maximum number of public companies in which a person can be appointed as a director shall not exceed ten.

For reckoning the limit of public companies in which a person can be appointed as director, directorship in private companies that are either holding or subsidiary company of a public company shall be included.

#### **4.3. Familiarization Programme for Independent Directors**

The company shall familiarize the Independent Directors with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., through various programmes from time to time.

#### **4.4. Evaluation**

In terms of Section 178 and subject to Schedule IV of the Companies Act, 2013, the Committee shall carry out the evaluation of every Director's performance periodically.

#### **4.5. Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable laws, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP, subject to the provisions and compliance of the applicable laws, rules and regulations.

#### **4.6. Retirement**

The Director, KMP and Personnel of Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Personnel of Senior Management in the same



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

#### **4.7. Succession planning**

1. The Company shall follow GMR Group Policy on Succession Planning to identify critical job positions and provide Succession to these positions for business continuity & Institution Building.
2. Corporate HR (CHR) will initiate the process for identification of individuals by CEO/HOD/Chairman, as may be applicable, in the context of AOP, business and workforce plans.
3. Job specifications will be shared with CEO/HOD/Chairman to help identify potential successors.
4. Succession Planning Policy & Process will be administered by CHR in partnership with the CEO/HOD/Chairman.
5. Confidentiality with regard to outcome of the Succession Planning exercise will be maintained at all times.

### **5. PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSONNEL, KMP AND SENIOR MANAGEMENT PERSONNEL**

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#### **5.1 General**

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- (a) The remuneration / compensation / commission etc. to Managerial Personnel shall be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the approval of the shareholders of the Company and Central Government, wherever required;
- (b) The remuneration and commission to be paid to the Managerial Personnel shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force;
- (c) Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Personnel;
- (d) Where any insurance is taken by a company on behalf of its Managing Director, Whole-time Director, Manager, Chief Executive Officer, Chief Financial Officer or Company Secretary for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

#### **5.2 Remuneration to Managerial Personnel, KMP, Senior Management and Other Employees**

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##### **5.2.1 Fixed Pay**

Managerial Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. The break-up 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 on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

### **5.2.2. Minimum Remuneration**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Companies Act, 2013.

### **5.2.3. Provisions for excess remuneration**

If any Managerial Personnel draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013, 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.

**5.2.4.** The remuneration to Personnel of Senior Management and other employees shall be governed by the GMR Group HR Policy.

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

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### **5.3.1. Remuneration / Commission**

The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

### **5.3.2. Sitting Fees**

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof:

Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

The sitting fee paid to Independent Directors and Women Directors, shall not be less than the sitting fee payable to other directors.

### **5.3.3. Limit of Remuneration / Commission**

Remuneration / Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

### **5.3.4. Stock Options**

An Independent Director shall not be entitled to any stock option of the Company.

## **6. DISCLOSURES**

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The Company shall disclose the Policy on Nomination and Remuneration on its website, if any, and the web-link shall be provided in the Board's Report.

## **7. AMENDMENT**

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The Board of Directors of the Company are authorised to periodically review this policy and make such amendments / changes as they may consider necessary;

Any amendment or modification in the Companies Act, 2013 and any other applicable regulation relating to Nomination and Remuneration Committee shall automatically be applicable to the Company.

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1. Version 1 of this Policy was originally adopted by the Board of Directors on November 14, 2016;
  2. Version 2 of this Policy was revised and approved by the Board of Directors on March 15, 2019;
  3. Version 3 of this Policy was revised and approved by the Board of Directors on September 26, 2019.