

**NATIONAL E-REPOSITORY LIMITED**  
**Nomination and Remuneration Policy**

**1. Preamble:**

As per Section 178 of the Companies Act, 2013 [read with rule 6 of the Companies Meetings (Meetings of the Board and its Powers) Rules 2014] National E-Repository Limited ('the Company') is required to constitute a "Nomination & Remuneration Committee". The Company has already constituted Nomination and Remuneration Committee.

Sub section (3) of Section 178 of the Act requires the Nomination and Remuneration Committee to, *inter-alia*, recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees. Accordingly, a policy has been drafted in compliance with Section 178 of the Act read along with applicable rules thereto and the same is as follows:

**2. Definitions:**

1. 'Company' means "National E-Repository Limited".
2. 'Board' means Board of Directors of the Company.
3. The 'Directors' means Directors on the Board of the Company.
4. 'Nomination and Remuneration Committee' or 'the Committee' shall mean a Committee of Board of Directors of the Company, constituted or reconstituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the applicable rules made there under.
5. Key Managerial Personnel ('KMP') means in relation to the Company means the persons specified in section 2(51) of the Act.
6. "Policy or This Policy" means, "Nomination and Remuneration Policy."
7. "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.
8. "Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors. This would typically include members of management one level below the Directors and KMP including the functional heads. However, as per the Company's organizational hierarchy, the executives in the full time employment of the Company one level below the Managing Director & CEO i.e., **Heads will be treated as Senior Management Personnel for the purpose of this Policy.**

**3. Applicability:**

The Policy shall be applicable to the following:

- Directors (Executive and Non-Executive Director)
- Key Managerial Personnel

- Senior Management Personnel

The Policy shall be disclosed in the Board's report also.

#### **4. Objectives:**

- a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel.
- b) To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-executive) and persons who may be appointed in Key Managerial positions, and to determine their remuneration.
- c) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- d) To recommend to the Board on Remuneration payable to the Directors and Key Managerial Personnel.

#### **Guiding Principles:**

The Policy ensures that:

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors and KMP of the quality required to run the Company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- Remuneration to Directors, Key Managerial and 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; and
- The process of remuneration management is transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.

#### **5. Interpretation:**

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013 and Rules made there under as amended from time to time.

#### **6. Effective Date:**

This policy shall be effective from Financial Year 2017-2018.

## **7. Appointment and Remuneration Matters:**

- 1.1. The remuneration / compensation / commission etc. of Managerial Personnel as defined under Companies Act, 2013, will 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 in case the Company is not able to comply with the provisions of Schedule V to the Companies Act 2013, the prior approval of Central Government shall also be obtained, *if required*.
- 1.2. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs/amounts/percentage approved by the Shareholders in the case of Whole-time Director/MD/Manager.
- 1.3. 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 and if it is not able to comply with such provisions, with the previous approval of the Central Government, *if required*.
- 1.4. 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 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. The appointment letter or any other similar document should explicitly state these conditions.
- 1.5. Managerial Personnel will not be paid any sitting fees for attending meetings of Board of Directors and any other Committee(s) of Board of Directors.

## **8. Positive Attributes/Eligibility for Appointment/Removal of Managing Director & Chief Executive Officer**

- 1.1. The Managing Director / Chief Executive of the Company should be a person of high caliber, integrity and expertise and should have sufficient authority to manage the affairs of the Company.
- 1.2. The aforesaid provisions shall also be applicable if the Company appoints a Chief Executive Officer who is not a Managing Director.

## **9. Appointment criteria and qualifications:**

### **a) Qualifications for Shareholder Directors appointed by the Company:**

- Degree holder in relevant disciplines;
- Experience of management in a diverse organization;
- Excellent interpersonal, communication and representational skills;
- Demonstrable leadership skills;
- Commitment to high standards of ethics, personal integrity and probity;
- Demonstrable ability to work effectively with a Board of Directors

- Extensive team building and management skills
- Strong influencing and negotiating skills

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 or not for the concerned position.

**b) Term / Tenure:**

Managing Director/Whole-time Director/Manager (Managerial Personnel), KMP:

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.

The Company shall not appoint or continue the employment of any person as Whole-time Director / MD / 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.

The terms and conditions (including tenure, if applicable) of appointment of KMP shall be governed by the Recruitment Policy of the Company and in accordance with the relevant provisions of the Companies Act 2013.

**c) Removal:**

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

**d) Retirement:**

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

**e) Policy relating to Appointment/Removal and Remuneration for the Non Executive and Independent Directors and KMP**

**General:**

1. The Nomination & Remuneration Committee shall determine individual remuneration packages for KMPs of the Company taking into account factors it deems relevant, including but not limited to market, business performance and practices in comparable companies, having due regard to financial and commercial health of the Company as well as prevailing laws and government/other guidelines.
2. The remuneration / compensation / commission etc. will be determined by the Committee and recommended to the Board for approval.
3. Where any insurance is taken by the Company on behalf of its Whole-time Director, MD, Manager, Chief Executive Officer, Chief Financial Officer, the Company Secretary 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 guilty, the premium paid shall be treated as part of the remuneration.

**Remuneration to Independent Directors:**

Independent Directors of the company shall be paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors and its Committees. The sitting fees paid to them for attending meetings of Board of Directors or any other Committee(s) of Board of Directors shall be determined by the Committee/Board from time to time. Beside the sitting fees they are also entitled to reimbursement of expenses for attending such meeting(s). The Independent Directors of the Company shall not be paid any other remuneration or commission. They shall not be entitled to any stock option **or any** profit related commission.

**Remuneration to Non-Executive Directors:**

The Non-executive Directors of the company shall be paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors and its Committees. The sitting fees paid to the Non-executive Directors for attending meetings of Board of Directors and Committee of Board of Directors shall be determined by the Committee/Board from time to time. Beside the sitting fees they are also entitled to reimbursement of expenses. The Non-executive Directors of the Company shall not be paid any other remuneration or commission.

The remuneration payable to the Non-executive Directors, Independent Directors may be modified or implemented from time to time with the approval of the Board in due compliance of the provisions of Companies Act, 2013 and rules made there-under.

### **Remuneration to KMPs:**

The remuneration payable to KMPs shall be decided by the Board on the recommendation of the Committee having regard to their experience, leadership abilities, initiative taking abilities and knowledge base.

### **10. Evaluation/ Assessment of Directors of the Company:**

#### **Criteria:**

The following criteria may be considered for evaluating how effective the performances of the Non-Executive, and Independent Directors have been:

- Leadership & stewardship abilities
- Contributing to clearly defined corporate objectives & plans
- Review & approval of achievement of strategic and operational plans, objectives, budgets
- Regular monitoring of corporate results against projections
- Identify, monitor & mitigate significant corporate risks
- Review management's succession plan
- Assuring appropriate board size, composition, independence, structure
- Clearly defining roles & monitoring activities of committees
- Review of company's ethical conduct

In case of Managerial Personnel (e.g. MD, WTD, Manager), the following additional criteria may also be taken into consideration while evaluating the performance:

- Obtain adequate, relevant & timely information from external sources
- Communication of expectations & concerns clearly with subordinates/teams
- Development of effective departmental teams
- Assess/review, and propose new policies, structures & procedures including modifications
- Effective meetings
- Profitability and market share growth
- Geographical Expansion
- Thought Leadership
- Technological Competitiveness
- Degree of Control and Compliance

(The above is only an indicative list)

**Methodology:**

The evaluation/assessment of the Directors of the Company shall be conducted on an annual basis.

Evaluation on the aforesaid broad parameters will be conducted by the Independent Directors for each of the Executive and Non-Executive Directors and the Board as a whole in a separate meeting of the Independent Directors.

The performance of the Chairperson of the Company shall be reviewed by the Independent Directors after taking into account the views of the executive and non-executive directors in a separate meeting of the Independent Directors.

The Executive and Non-Executive Directors along with the Independent Directors will evaluate/assess the performance of each of the Independent Directors. Only the Independent Director being evaluated will not participate in the said evaluation discussion.

**11. Deviations from this Policy:**

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

**12. Amendments to the Policy:**

The Board may review the Policy as and when it deems necessary.

The Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.

This Policy may be amended or substituted by the Board as and when required and where there is any statutory or regulatory changes necessitating the change in the policy on an urgent basis the requisite approvals of the Board and/or the Committee may be obtained via circular resolution.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.