



## **NOMINATION AND REMUNERATION POLICY**

### **Introduction**

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the listing agreement as amended from time to time, this policy on nomination and remuneration of Directors, KMP and Senior Management has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors on August 14, 2014.

### **Objective and purpose of the Policy**

- 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 Senior Management and Key Managerial positions and to determine their remuneration.
- To determine remuneration based on the complexity and challenges of job, Company's size and financial position and trends and practices on remuneration prevailing in peer companies in the industry or sector wherein the company operates.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

### **Constitution of the Nomination and Remuneration Committee**

The 'Nomination and Remuneration Committee' comprises of following Directors:

- (i) Lt. Gen. K.K. Hazari (Retd.) – Chairman
- (ii) Mr Shekhar Datta
- (iii) Mr Nikhil Sawhney
- (iv) Dr. Santosh Pande

The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirement.

## **Definitions**

- ‘Board of Directors’ or ‘Board’ means the collective body of the Directors of the Company.
- ‘Directors’ means a Director appointed to the Board of the Company.
- ‘Committee’ means ‘**Nomination and Remuneration Committee**’ of the Company as constituted or reconstituted by the Board from time to time.
- ‘Company’ means **Triveni Engineering & Industries Limited**.
- ‘Independent Director’ means a Director referred to in Section 149 (6) of the Companies Act, 2013.
- ‘Key Managerial Personnel’ means-
  - (i) Chairman & Managing Director, or Vice Chairman & Managing Director, or Whole- time Director, if any
  - (ii) Chief Financial Officer;
  - (iii) Company Secretary; and
  - (iv) Such other officer as may be prescribed under the applicable statutory provisions / regulations.
- ‘Senior Management’ means personnel of the Company, who are the members of Core management team and one level below the Executive Director including Corporate Functional Heads and Business Heads of the Company.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

## **Applicability**

The Policy is applicable to the Directors, Key Managerial Personnel and other employees of Triveni Engineering & Industries Limited (‘Company’).

## **General**

This Policy is divided in three parts:

- Part – A covers the matters to be dealt with and recommended by the Committee to the Board;
- Part – B covers the appointment and nomination; and
- Part – C covers remuneration and perquisites etc.

The key features of this Company’s policy shall be included in the Board’s Report.

## **Part – A**

### **Matters to be dealt with, perused and recommended to the Board by the Committee**

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Director and the persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of Director and Senior Management Personnel.

## **Part – B**

### **Policy for appointment and removal of Directors, Senior Management Personnel**

- **Appointment criteria and qualifications**

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director and at Senior Management level and recommend to the Board his / her appointment. However, the Committee may delegate to the Managing Director, Executive Director the power to identify, appoint and remove the Senior Management Personnel.
2. 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 are sufficient / satisfactory for the concerned position.
3. The Company shall only appoint or continue the employment of any person as Managing Director or Whole-time Director beyond the age of seventy years if the contribution of the concerned individual is invaluable to the Company and his vacancy may be detrimental to the interest of the Company. 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.

- **Term / Tenure**

1. **Managing/Whole-time Director**

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Whole-time Director or Executive 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. Independent Director**

An Independent Director shall hold office for such term upto a maximum of five consecutive years on the Board of the Company, as may be recommended by the Committee and approved by the Board and Shareholders 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.

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. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1st October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term up to 5 years only.

At the time of appointment of Independent Director, it should be ensured that number of his directorship 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 of a listed company.

- **Evaluation**

The Committee shall carry out evaluation of performance of every Director at regular intervals based on the indicators provided in the policy. Similarly, the Chairman and Managing Director, Vice Chairman and Managing Director and the Executive Directors shall evaluate the Senior Management Personnel (including KMPs other than the Directors of the Company) considering the competencies/indicators provided in the Policy.

- **Removal of Directors**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder 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, subject to the provisions and compliance of the said Act, rules and regulations.

- **Retirement**

The Whole-time Director, if any and Senior Management Personnel 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/Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## **Part – C**

### **Policy relating to the remuneration for the Managing Director/Whole-time Director, KMP, Senior Management Personnel and other employees**

The remuneration to be paid to the Directors, KMPs, Senior Management and other employees will be decided taking into consideration the following key factors/attributes:

- Strategic vision for the growth of business and alignment with the Company's goal,
- Competence, experience and performance,
- Leadership and team building qualities,
- Innovative and creative thinking,
- Market compensation levels for similar profile

### **Remuneration Policy**

#### **(a) Executive Directors**

The remuneration of the Executive Directors will be recommended by the Nomination and Remuneration Committee to the Board of Directors and after approval by the Board the same will be put up for the shareholders' approval.

The evaluation of the Executive Directors will be made by the NRC based on the following attributes which will in addition to all attributes applicable to non-executive directors as mentioned below:

- Assessment of leadership and direction provided to the Business
- Assessment of performance or functions directly under their responsibility and control
- Assessment of managing business challenges and related risks
- Assessment of policies and efforts in promoting and expanding the business
- People development processes and organizational values

#### **(b) Non-Executive Directors**

Non-Executive Directors will be paid commission as approved by the Board within the limits approved by the shareholders of the Company. The amount of such commission taken together for all the Non-Executive Directors, will not exceed 1% of the net profits of the Company in any financial year calculated as per the requirements of Section 198 of the Companies Act 2013.

The said commission shall be decided each year by the Board of Directors of the Company and distributed amongst the Non-Executive Directors, based on their evaluation and the following attributes:

- Attendance in the Board / Committee meetings
- Inputs and contribution made in the meetings
- Creativity and idea generation
- Proactive, positive and strategic thinking

- Understanding of Company's business
- Time spent on operational and strategic matters other than the meetings.

The Company shall reimburse the travelling, hotel and other out of pocket expenses incurred by the Directors for attending the meetings and for other work on behalf of the Company.

**(c) Key Managerial Personnel, Senior Management and other employees**

The Company's remuneration policy of Key Managerial Personnel (other than Executive Directors covered above), Senior Management and other employees is driven by their success and performance of the Company and other attributes mentioned below. The Company endeavours to attract, retain, develop and motivate high performance workforce. The Company follows a compensation mix of fixed pay, performance based variable pay, benefits and perquisites. The performance of the individuals is measured through performance appraisal process. The Company will ensure that level and composition of remuneration is reasonable and sufficient to attract, retain and motivate all employees to contribute to their potential and in turn run the Company successfully.

The Stock options may be used as an instrument to actively engage senior management to achieve the objectives of the company, to reward them for their performance, to motivate and retain them.

The parameters of the assessment of the senior management will be the same as applicable to the executive directors but in the case of corporate functional heads, JDs may be different based on the uniqueness and domain responsibility of the function. The company has institutionalized a comprehensive PMS which will continue to be applicable to the senior management. The applicable competencies are:

- Driving and Managing Change
- Business acumen
- Capability Building
- Managing Critical Partnership
- Decision Making
- Excellence orientation
- Customer Focus
- Resource Management
- Domain area of responsibility
- Benchmarks of similar positions in similar comparable industries
- Functional expertise
- Commitment and Ownership

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