

**Nomination, Remuneration and Evaluation Policy  
Transcorp International Limited  
Effective from 11.05.2021**

## I. INTRODUCTION

In terms of the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, this policy on nomination and remuneration of Directors, Key Managerial Personnel, Senior Management Personnel & Other Employees has been formulated by Compensation/Nomination & Remuneration Committee (The Committee).

## II. DEFINITIONS

- **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- **Board** means Board of Directors of the Company.
- **Committee** means Nomination & Remuneration Committee of the Company as constituted or reconstituted by the Board.
- **Company** means Transcorp International Limited.
- **Directors** mean Directors of the Company.
- **Whole Time Director** means a Director in the whole-time employment of the Company.
- **Independent Director** means a director referred to in Section 149(6) of the Act and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended from time to time.
- **Key Managerial Personnel (KMPs)** means : In relation to a company means:
  - I. the Chief Executive Officer (CEO) or the Managing Director (MD) or the Manager;
  - II. the Company Secretary (CS);
  - III. the Whole- time Director (WTD);
  - IV. the Chief Financial Officer (CFO); and
  - V. Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board and
  - VI. Such other officer as may be prescribed.
- **Senior Management Personnel** means an employee designated in the category of General Manager and above including Chief Financial Officer (CFO) & the Company Secretary of the Company irrespective of their designation within the Organization.

## III. INTERPRETATION

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Act, SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and/or any other SEBI Regulation(s) as amended from time to time.

#### **IV. CONSTITUTION OF NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee shall be the governing body for the Nomination and Remuneration Policy of the Company

##### **A. Role of the Committee**

- i. Identification and recommendation to Board of persons who are qualified to become Director & KMP in accordance with the criteria laid down.
- ii. Considering recommendations of the KMPs w.r.t. appointment & removal of SMPs in accordance with the criteria laid down and forwarding their recommendations to the Board accordingly.
- iii. Assist the Board in ensuring that plans are in place for orderly succession for appointment to the Board & Senior Management.
- iv. Ensure that the Board is balanced & follows a diversity policy in order to bring in professional experience in different areas of operations, transparency, corporate governance & financial management etc.
- v. Formulation of the criteria for determining qualifications, positive attributes and independence of a director.
- vi. Formulation of evaluation criteria for Independent/ Non-Independent/Executive Directors & the Board as a whole & KMPs.
- vii. Ensure that directors are inducted through suitable familiarization process & that proper & regular training is given to Independent Directors to update & refresh their skills, knowledge and familiarity with the Company.
- viii. Formulation & supervision of the Nomination and Remuneration Policy of the Company.
- ix. Giving recommendation to Board of Directors for remuneration of all directors, KMPs and employees of the company

Provided that the Committee is authorized to delegate any/all of its powers to any of the director(s) and/or officer(s) of the Company, as may be deemed necessary, from time to time.

#### **V. APPLICABILITY**

The Policy is applicable to:

- i. Directors (Executive, Non-Executive and Independent Directors);
- ii. Key Managerial Personnel (KMPs);
- iii. Senior Management Personnel (SMPs); &
- iv. Other employees of the Company.

## **VI. APPOINTMENT**

### **A. Directors Including WTD**

- i. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director and recommend to the Board his/her appointment.
- ii. The Committee/Board may review on annual basis, the attributes required of the Board as a whole and its individual members with an objective to have a Board with diverse background and experience in such other areas that may be relevant for the Company's operations.
- iii. A person shall not be appointed as director if he is in-eligible for appointment under applicable provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or other applicable laws & regulations.
- iv. Appointment of Independent Directors is subject to compliance of applicable provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or other applicable laws & regulations.

### **B. KMPs (Excluding WTD)**

- i. The WTD shall identify & ascertain the attributes, qualification & experience of the person for appointment as KMP and recommend to the Committee his/her appointment who, in turn, shall recommend the same to Board.
- ii. In evaluating the suitability of a person for appointment as KMP, the WTD may take into account various factors including general understanding of the Company's business dynamics, worldwide business and social perspective, educational and professional background and personal achievements.

### **C. SMPs & Other Employees (Excluding KMPs)**

- i. The WTD shall have all the requisite powers to appoint SMPs and to do all such acts & deeds as may be necessary & incidental thereto. However, such appointment shall have to be ratified by the Committee in line with the Act. Once the appointment of SMP is duly approved by the Committee, it shall forward its recommendations to the Board and the Board shall take note of it accordingly.
- ii. Appointments, below the level of senior management, shall be made by the SMPs keeping in view the qualification, expertise and experience possessed by a person for the concerned position.

## **VII. CODE OF CONDUCT FOR DIRECTORS/SMPs**

### **I. Accountability**

The Directors/SMPs are accountable to stakeholders including market participants and the general public, for the Company's performance of its objects set out in Memorandum of Association.

## **II. Expectations from Directors/SMPs**

As a member of the Board/Company Management, each Director/SMP shall be expected to meet following obligations:

- a) To act honestly and in good faith with the best interests of the Company;
- b) Recognize the Company's accountability to stakeholders, including without limitation, market participants and the general public, in the governance of the Company;
- c) Ensure that the best interests of the Company are considered paramount;
- d) Devote sufficient time to Board/Company affairs;
- e) Assist the Company in the achievement of corporate strategic objectives;
- f) Ensure that he or she and the Board/Management as a whole acts in the best interests of the Company rather than in the interests of a director/ individual or any other interests; &
- g) Monitor his or her continued ability to meet these expectations;

## **III. Specific Conduct as a Director**

To enable the Board to discharge its collective responsibilities for stewardship, including oversight and strategic leadership, each Director shall:

- a) Maintain independence and objectivity only in representative nature of Stakeholder;
- b) Contribute views based on his or her unique skills and experience;
- c) Act consistently with the statutory and contractual obligations of the Transcorp International Limited;
- d) Exercise authority as a Director only at meetings of the Board Committees or as specifically delegated by the Board;
- e) Monitor potential conflicts of interest he or she may have regarding any matters before the Board; and
- f) Declare any potential conflicts promptly to the Board and abstain from discussion and voting on any related matter. Potential conflicts of interest include a personal or business interest in a matter requiring Board decision, arising either directly (e.g. through an ownership or employment interest) or indirectly (e.g. through potential benefit from participation as director).

## **IV. Specific Duties of Independent Directors as enumerated under the Act**

An independent director shall:

- a) Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- b) Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- c) Strive to attend all meetings of the Board of Directors / Committees of the Board of which he is a member;

- d) Participate constructively and actively in the Board committees in which they are chairpersons or members;
- e) Strive to attend the general meetings of the company;
- f) Where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- g) Keep themselves well informed about the company and the external environment in which it operates;
- h) Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- i) Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- j) Ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- k) Report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- l) Acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- m) Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

#### **V. Principle of Confidentiality**

Confidential Information means all data and information relating to the business, management and affairs of the Company or of any person or market participant, including proprietary and trade secrets, technology and accounting records, which is or comes to be in the possession of the Transcorp International Limited; provided, however, that Confidential Information shall not include any data or information which:

- i. Is or becomes publicly available with the permission of the Transcorp International Limited in accordance with policies and procedure approved by the Board or the person or market participant who has provide the Confidential Information; or
- ii. Is required to be disclosed pursuant to court order or other legal Compulsion.

Each director/SMP shall keep all Confidential Information confidential and shall not use it for personal

gain or use. This obligation survives the termination of a director/SMP as a director/SMP of the Company.

#### **VI. Requests for Clarification**

Requests for clarification of this Code should be directed to the Chair of the Committee. The Chair may seek the advice of the Independent Directors and will communicate his or her decision directly to the director/SMP whose conduct is at issue.

#### **VII. Compliance**

Directors/SMPs are required to sign annually an affirmation that they have read and understood and will comply with this Code

#### **VIII. TRAINING/FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS**

All the new directors shall be given formal induction and orientation promptly after the appointment. The programme shall familiarize the new director with the Company's vision, strategic direction, industry/business model of the Company, core values including ethics, corporate governance practices and other key policies and practices.

The Company shall provide suitable training & education to Independent Directors on matters which are relevant for the Board's effective performance. Such training/education may be provided in a variety of forms including external/internal training & education programs, seminars etc. from time to time on varied issues, presentations or briefing on particular topics, education materials etc.

#### **IX. EVALUATION MECHANISM & CRITERIA APPLICABLE THEREIN**

##### **A. Non-Independent Directors, Chairman & the Board As A Whole**

- i. The independent Directors of the Company shall hold atleast one meeting every year without the attendance of non- independent directors and members of management. The meetings shall:
  - o Review the performance of non-independent directors and the Board as a whole;
  - o Review the performance of Chairperson of the Company, considering views of executive/ non- executive directors.
- ii. In the meeting, the independent Directors shall focus on each non-independent director and Board's/Chairman's contribution to the Company and specific focus on areas in which the Board or certain specific non-independent director could improve.
- iii. The results of this evaluation process shall determine whether the individual forming part of the Board brings the skills and expertise appropriate for the Company and how they work as a team.

##### **B. Independent Directors**

The performance evaluation of independent directors shall be done by the entire Board, excluding directors being evaluated. On the basis of performance evaluation, it shall be determined whether to extend or continue the terms of appointment of the independent directors.

##### **C. WTD**

The evaluation of WTD shall be done by the Committee on yearly basis predominantly based upon overall management performance as well as Company performance.

The performance of each of Board Member & Board as a whole shall be reviewed as per the structure of performance evaluation.

**D. KMPs/SMPs (Excluding WTD)**

- i. The evaluation of the KMPs/SMPs shall be done by the WTD through the Company's internal process as per the performance appraisal cycle.
- ii. At the beginning of each financial year, targets and Key Responsibility Areas (KPA) shall be fixed with mutual consent. Performance shall be assessed against KRAs as per appraisal cycle.
- iii. The evaluation report of KMPs/SMPs shall be submitted with the Committee for its perusal and concluding judgment.
- iv. Based on performance assessment & overall Company performance, total compensation for the next financial year shall be decided.
- v. The performance of KMPs/SMPs shall be reviewed as per the structure of performance evaluation.

**E. Other Employees of the Company**

- i. The evaluation of other employees shall be done by the WTD/SMPs respectively as per the performance appraisal cycle as well as organization performance evaluation form basis, in the format defined by the organization, from time to time.
- ii. With regard to other employees, the appraisal shall be a two tier process i.e. Appraisal by the controlling/regional/functional heads followed by review by the SMPs & the Increment Committee, if any.
- iii. Based upon performance assessment of each SMP/other employee, the increments shall be granted within the limits approved by the Committee.

**X. REMUNERATION**

**1. PHILOSOPHY**

In order to build a high performance culture, aligned to the Company's Vision and Goals, the Compensation Philosophy aims at providing a significant differential to superior performers and also segregating increments and performance payouts, based on the actual performance of various business verticals.

The aforementioned Compensation philosophy aims to:

- Build capability by attracting the right talent
- Recognise performance and talent
- Be in sync with industry while managing overall manpower cost.



The performance of the Company and its Business Units / Functions is measured against annual budgets / targets, set by Management. Performance of individuals is measured against Key Result Areas (“KRAs”) set at beginning of year and after considering any revision of target during the year. The Annual Performance Rating would be considered for calculating the Performance Pay. Rating would be on a 5 point scale.

Consistent with the principle of differential influence that an employee may have on the overall performance of the Company, different weights are assigned for the Company’s performance, the performance of Business Units / Functions and the performance of individuals.

## **2. REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES**

The philosophy for remuneration of Directors, Senior Leadership Team, Key Managerial Personnel (“KMP”) and all other employees of the Company is based on the commitment of fostering a culture of leadership with trust. The Remuneration Policy is aligned to this philosophy.

This Remuneration Policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 (“Act”) and all other applicable laws and regulations. In case of any inconsistency between the provisions of law and this Remuneration Policy, the provisions of law shall prevail and the Company shall abide by the applicable law. In case there are any changes in the law, the Company shall comply with the applicable amended provisions. While formulating this Remuneration Policy, the Nomination and Remuneration Committee (“NRC”) has considered the factors laid down under Section 178(4) 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 incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.*

The key principles governing this Remuneration Policy are, as follows:

### **2.1 Remuneration for Independent Directors and Non-Independent Non-Executive Directors**

(i) Independent Directors (“ID”) and Non-Independent Non-Executive Directors (“NED”) may be paid Sitting Fees (for attending the meetings of the Board and of Committees of the Board of which they may be Members), Commission and remuneration within regulatory limits. The remuneration will be subject to approval of Shareholders. Based on the approval of shareholders Nomination and Remuneration Committee and Board may decide the remuneration for all Non-Executive Directors and Independent Directors.

(ii) Within the parameters prescribed by law, the payment of Sitting Fees, remuneration and Commission will be recommended by the NRC, for the approval of the Board.

(iii) Overall remuneration (Sitting Fees, remuneration and Commission) should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company (taking into consideration, the challenges faced by the Company and its future growth imperatives).

(iv) Overall remuneration should be reflective of the size of the Company, complexity of the sector / industry / Company’s operations and the Company’s capacity to pay the remuneration.

(v) Overall remuneration practices should be consistent with recognized best practices.

(vi) Quantum of Sitting Fees may be subject to review on a periodic basis, as required.

(vii) The aggregate Commission and/remuneration payable to all the NEDs and IDs will be recommended by the NRC to the Board based on Company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters, as may be decided by the Board.

(viii) The NRC will recommend to the Board, the quantum of Commission and/or remuneration for each Director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent at Board and Committee meetings, individual contribution at the meetings and contributions made by Directors, other than at Board and Committee meetings.

(ix) In addition to the Sitting Fees, remuneration and Commission, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his / her role as a Director of the Company. This could include reasonable expenditure incurred by the Director for attending Board / Board Committee meetings, General Meetings, court convened meetings, meetings with Shareholders / Creditors / Management, site visits, induction and training (arranged by the Company for Directors) and in obtaining professional advice from independent advisors in the furtherance of his / her duties as a Director.

## **2.2 Remuneration for Managing Director (“MD”) / Executive Directors (“ED”) / KMP / rest of the employees (Note 1)**

(i) The extent of overall remuneration to the MD / ED / KMPs / rest of the employees should be sufficient to attract and retain talented and qualified individuals suitable for their roles.

Hence, remuneration should be:

- market competitive (market for every role is defined as companies from which the company attracts talent or companies to which the company loses talent);
- driven by the role played by the individual;
- reflective of the size of the company, complexity of the sector / industry / Company’s operations and the Company’s capacity to pay;
- consistent with recognized best practices; and
- aligned to any regulatory requirements.

(ii) In terms of remuneration mix or composition:

- the remuneration mix for the MD / EDs should be as per the contract approved by the Shareholders. In case of any change which is beyond the remuneration approved by the Shareholders, the same would require the approval of the Shareholders.
- basic / fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience.
- in addition to the basic / fixed salary, the Company provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimization, where possible. The Company also provides all employees with a social security net (subject to limits) by covering medical expenses and hospitalization through re-imbursments or insurance cover and accidental death and dismemberment through personal accident insurance.
- the compensation of individuals in key roles that have a significant impact on the growth and sustainability of the Company will have an additional component of Long Term Incentive Plan (LTIP) in the form of Employee Stock Options (ESOP) or any other equivalent instrument.

- the Company provides retirement benefits, as applicable.
- in addition to the basic / fixed salary, benefits, perquisites and allowances as provided above, the Company may provide MD / EDs such remuneration by way of Commission, calculated with reference to the Net Profits of the Company in a particular financial year, as may be determined by the Board, subject to the overall ceilings stipulated in Section 197 of the Act. The specific amount payable to the MD/ EDs would be based on the performance of the MD / EDs as evaluated by the Board or the NRC and approved by the Board.

OR

- In addition to the basic/fixed salary, benefits, perquisites and allowances as provided above, the Company may provide to its MD / ED, such remuneration by way of an annual incentive remuneration / performance linked bonus subject to the achievement of certain performance criteria and such other parameters as may be considered appropriate, from time to time, by the Board. An indicative list of factors that may be considered for determination of the extent of this component are:
  - Company's performance on certain defined qualitative and quantitative parameters, as may be decided by the Board from time to time
  - Industry benchmarks of remuneration
  - Performance of the individual
- The Company will provide the rest of the employees, a performance linked incentive pay. The performance linked pay would be driven by the outcome of the performance appraisal process and the performance of the Company.

### **2.3 Remuneration payable to Director for services rendered in other capacity**

No remuneration will be payable to the Directors for services rendered by such Director in any other capacity unless:

- a) The services rendered are of a professional nature;
- b) The NRC is of the opinion that the director possesses requisite qualification for the practice of the profession; and
- c) Approval of the Central Government has been received, if required, for paying the same.

### **2.4 Loans to employees**

The Company may grant loans to its employees on such terms and conditions as may be determined by the Board or any Committee of the Board, from time to time, in accordance with applicable laws.

### **2.5 Policy implementation**

The NRC is responsible for recommending the Remuneration Policy to the Board. The Board is responsible for approving and overseeing implementation of the Remuneration Policy.

*The above Excludes employees covered by any long term settlements or specific term contracts. The remuneration for these employees would be driven by the respective long term settlements or contracts.*

The organization-wide annual budget for increments in remuneration shall be placed before the Committee with requisite details. The Committee shall peruse and approve the same accordingly. Increments will be effective from 1<sup>st</sup> April, unless otherwise decided.

Where any insurance is taken by the Company on behalf of its Directors/KMPs for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration.

## **XI. REMOVAL**

### **A. Directors & KMPs**

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Director or KMP subject to the provisions of the Act and all other applicable Acts, rules and regulations, if any.

### **B. SMPs**

- i. The WTD shall have all the requisite powers to remove SMPs subject to the provisions of the Act and all other applicable Acts, rules and regulations, if any, with reasons recorded in writing and to do all such acts, deeds and things as may be necessary & incidental thereto. However, such removal shall have to be ratified by the Committee in line with the Act.
- ii. Once the removal of SMP is duly ratified by the Committee, it shall forward its recommendation to the Board & the Board shall take note of it accordingly.

### **C. Other Employees**

The SMPs shall have all the requisite powers to remove other employees, subject to the provisions of the Act & all other applicable laws, rules and regulations, if any with reasons recorded in writing and to do all such acts, deeds and things as may be necessary & incidental thereto subject to ratification by KMPs to this effect.

## **XII. SUCCESSION PLANNING**

The committee shall satisfy itself that processes and plans are in place for orderly succession for appointments to the Board, KMPs and SMPs to maintain an appropriate balance of skills on the board.

## **XIII. RETIREMENT**

The Directors, KMPs, SMPs & other employees shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board/Company will have the discretion to retain them in the same position/ remuneration or otherwise even after attaining the retirement age.

## **XIV. DISCLOSURES**

The Company shall make such disclosures on its website, Annual Report and at such other places as may be required under the Act and SEBI (Listing Obligations and Disclosure Requirements) 2015 as amended from time to time and such Acts, Rules and Regulations as may be applicable on the Company from time to time including any amendments thereto.

## **XV. BOARD DIVERSITY**

In order to ensure a balance composition of the Board, the Company shall consider candidates from a wide variety of backgrounds, shall not discriminate on the basis of gender, ethnicity and/or physical disability and shall ensure an appropriate mix of educational qualification, skills, competency and experience as required in the context of the business of the Company and sector for it to function effectively.

The Committee shall review the composition of the Board, basis above criteria's, from time to time and report to the Board, changes required, if any, in the composition of the Board.

#### **XVI. AMENDMENTS**

The Board of Directors on its own and /or as per the recommendations of the Committee may amend this Policy, as and when deemed fit.

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 given in this Policy and the Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.