

**NOMINATION, REMUNERATION &  
EVALUATION POLICY**

**GAYATRI HIGHWAYS LIMITED**

## **I. PREAMBLE**

Pursuant to Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the Board of Directors of every listed Company shall constitute the Nomination and Remuneration Committee. The Company already constituted Remuneration Committee comprising of three Independent non-executive Directors as required under Listing Regulations.

## **II. OBJECTIVE**

The Key Objectives of the Committee would be:

- a) To lay down criteria, determine terms and conditions and guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) To evaluate the performance of Board, its committees and individual directors of the Board and provide necessary report to the Board for further evaluation.
- c) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- d) to ensure that 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;
- e) to ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- f) to ensure that the remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short term performance objects appropriate to the working of the Company and its goals.

## **III. DEFINITIONS**

- “Board” means Board of Directors of the Company.
- “Company” means “Gayatri Highways Limited.”

- “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 predetermined price.
- “Independent Director” means a director referred to in Section 149 (6) of the Companies Act, 2013.
- “Key Managerial Personnel” (KMP) means:
  - Chief Executive Officer or the Managing Director or the Manager,
  - Company Secretary,
  - Whole-time Director,
  - Chief Financial Officer,
  - 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
  - Such other officer as may be prescribed.
- “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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- “Policy or This Policy” means, “Nomination, Remuneration & Evaluation Policy.”
- “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.
- “**Senior management**” shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the persons identified and designated as key managerial personnel, other than the board of directors, by the listed entity.

#### **IV. INTERPRETATION**

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013 or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

#### **V. GUIDING PRINCIPLES**

The Policy ensures that:

- 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.
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and 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.

#### **VI. ROLE OF THE COMMITTEE**

The role of the Committee inter alia will be the following:

- To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- Formulate criteria for evaluation of Independent Directors and the Board.
- Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down in this policy.
- To carry out evaluation of every Director's performance.
- To recommend to the Board the appointment and removal of Directors and Senior Management.
- To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.

- Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- To devise a policy on Board diversity.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

## **VII. MEMBERSHIP**

- The Committee shall comprise at least three (3) Directors, all of whom shall be non-executive Directors and at least half shall be Independent.
- The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirement.
- The quorum for the Committee meeting shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.
- Membership of the Committee shall be disclosed in the Annual Report.
- Term of the Committee shall be continued unless terminated by the Board of Directors.

## **VIII. CHAIRMAN**

- Chairman of the Committee shall be an Independent Director.
- Chairperson of the Company may be appointed as a member of the Committee but shall not Chair the Committee.
- In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.

- Chairman of the Nomination and Remuneration Committee could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

## **IX. FREQUENCY OF MEETINGS**

The meeting of the Committee shall be held at least once in a Financial Year.

## **X. COMMITTEE MEMBERS' INTERESTS**

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

## **XI. VOTING**

- 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.
- In the case of equality of votes, the Chairman of the meeting will have a casting vote.

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

- **Appointment criteria and qualifications:**

1. 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.

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 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. The Company shall not appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.]

- **Term / Tenure:**

1. Managing Director/Whole-time Director/Manager (Managerial Person):

The Company shall appoint or re-appoint any person as its Managerial Person 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 a term up to five consecutive years on the Board of the Company and will be eligible for reappointment on passing of a special resolution by the Company and on the basis of the report of performance evaluation of independent directors 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 7<sup>th</sup> February, 2018 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 of 5 years only.

- 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 of a listed company.

- **Evaluation:**

- The Committee shall carry out evaluation of performance of every performance of Board, its committees and individual directors, KMP and Senior Management at regular interval (yearly).

- **Removal:**

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, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

- **Retirement:**

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

### **XIII. PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSON, KMP AND SENIOR MANAGEMENT**

#### **General:**

1. The remuneration / compensation / commission etc. to Managerial Person, will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the of the Company, wherever required.
2. The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
3. 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 Person. Increments will be



effective from the date of reappointment in respect of Managerial Person and 1<sup>st</sup> April in respect of other employees of the Company.

4. Where any insurance is taken by the Company on behalf of its Managerial Person, KMP and any other employees 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 to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

- **Remuneration to Managerial Person, KMP and Senior Management:**

1. Fixed pay:

Managerial Person, KMP and Senior Management 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 P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee.

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 Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such.

3. Provisions for excess remuneration:

If any director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limit prescribed by this section or without approval required under this section, he shall refund such sums to the company, within two years or such lesser period as may be allowed by the company, and until such sum is refunded, hold it in trust for the company.

The company shall not waive the recovery of any sum refundable to it unless approved by the company by special resolution within two years from the date the sum becomes refundable.

- **Remuneration to Non-Executive / Independent Director:**

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.

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.

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.

4. Stock Options:

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

**XIV. CRITERIA FORMULATED BY THE COMMITTEE FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR:**

(a) Qualifications of Non-Independent Director:

A Non-Independent Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the Company's business.

(b) Positive attributes of Non-Independent Directors:

A Non-Independent director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and

probity; act objectively and constructively, exercise his responsibilities in a bonafide manner in the interest of the company, devote sufficient time and attention to his obligations as Director, for informed and balanced decision making and assist the company in implementing the best Corporate governance practices.

(c) Independence of Independent Directors:

In addition to (a) and (b) above, an Independent Director should meet the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 concerning the independence of directors.

## **XV. MINUTES OF COMMITTEE MEETING**

Proceedings of all meetings must be minuted and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting.

## **XVI. 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.