

liAS Policy and Process

Nomination and Remuneration Policy

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IiAS POLICY AND PROCESS: NOMINATION AND REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

PREFACE

The Nomination & Remuneration Policy (“Policy”) of Institutional Investor Advisory Services India Limited (“IiAS” or “Company”) is formulated under the requirements of Section 178(4) of the Companies Act, 2013. This policy shall act as a guide on matters relating to the appointment, remuneration, removal and evaluation of performance of the Directors, Key Managerial Personnel and other employees.

DEFINITIONS

- “Board” means the Board of Directors of the company.
- “Company” means Institutional Investor Advisory Services India Limited (IiAS).
- “Director” means the directors of the company - executive and non-executive.
- “Employee” means any person on the rolls of the company including those on deputation, temporary, part-time, contract or working as consultants.
- “Independent director” means a director referred to in Section 149(6) of the Companies Act, 2013 and designated as such by the Board.
- “Key Managerial Personnel” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 which includes – (a) Managing Director/ Chief Executive Officer/ Manager/ Whole Time Director; (b) Chief Financial Officer; (c) Company Secretary and 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.
- “Nomination and Remuneration Committee” (NRC) means the committee constituted by the company under Section 178 of the Companies Act, 2013.
- “Research Analyst” means any employee who is primarily involved in preparing voting recommendations or other similar research.

POLICY ON APPOINTMENT AND REMOVAL

APPOINTMENT OF DIRECTORS

- The NRC shall review and assess the board composition and recommend appointment of new directors including independent directors.
- In evaluating the suitability of a director, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of the director:
 - A person being appointed as a director should possess adequate qualification, expertise and experience. The NRC has the discretion to decide whether the qualifications, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position.
 - He/she should possess the high levels of personal and professional ethics and integrity.

- He/she must be willing to devote sufficient time and energy in carrying out his/her duties and responsibilities towards the company.
- He/she should not possess the disqualifications contained in the Companies Act, 2013, as amended from time to time.
- In case of an Independent Director, he/she should possess the desired attributes prescribed under Section 149(6) of the Companies Act, 2013.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the appointment of the new director.

APPOINTMENT OF KEY MANAGERIAL PERSONNEL

- The appointment of Managing Director/ Chief Executive Officer/ Manager/ Whole Time Director shall be made in line with the applicable provisions of the Companies Act, 2013.
- The appointment of the Chief Financial Officer and Company Secretary shall be recommended to the NRC by the Managing Director and subsequently approved by the Board.
- The appointment of any Whole-Time Director and KMP shall also be governed by the prevailing employment policies of the company.

APPOINTMENT OF OTHER EMPLOYEES

The appointment other employees will be based on the outcome of strategic planning undertaken jointly by the Managing Director and Chief Operating Officer.

BOARD EVALUATION

- Performance evaluation should be carried out in such manner and at such intervals as may be required under the Companies Act, 2013.
- The NRC shall carry out the evaluation of performance of every director.
- The evaluation of performance of the independent directors shall be carried out by the entire Board, other than the director being evaluated.
- Independent directors shall evaluate the performance of non-independent directors and the Board as a whole. For this purpose, the independent directors of the company shall hold at least one meeting in a year without the presence of the non-independent directors.

REMOVAL

- Due to reasons for any disqualification mentioned in the Companies Act, 2013 and any other applicable Act, rules and regulations, the NRC may recommend to the Board with reasons recorded in writing, removal of a director or KMP subject to the provisions and compliance of the respective Act, rules and regulations.
- Removal of other employees shall be subject to the terms and conditions of their employment with the company.

POLICY ON REMUNERATION

OBJECTIVES

The primary objective of this policy is to ensure that:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors and employees suitable for every role;
- the interests of executives are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the company and will be consistent with the "pay-for-performance" principle;
- the remuneration paid is reflective of size of the company, complexity of the sector/ industry/ company's operations and the company's capacity to pay;
- remuneration to Directors, KMP 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;
- the level of remuneration paid is consistent with recognised best practices and aligned to any regulatory requirements.

REMUNERATION TO EXECUTIVE DIRECTORS

The remuneration paid to Executive directors including the Managing Director shall be as per the contract approved by the shareholders subject to the applicable provisions of the Companies Act, 2013 and any subsequent amendments thereof. In case of any change, the same would require the approval of the shareholders.

REMUNERATION TO NON- EXECUTIVE DIRECTORS

- The Non-executive Directors and Independent Directors of the company may be entitled to sitting fees, as determined by Board from time to time, for attending Board/Committee meetings in accordance with the provisions of Companies Act, 2013. Currently IiAS does not pay a sitting fee.
- Non-executive Directors shall also be entitled to receive profit-linked commission, within the monetary limits approved by the shareholders subject to the applicable provisions of the Companies Act, 2013. Currently IiAS does not pay profit-linked commission.
- In addition to the sitting fees and commission, the company may pay to any director such fair and reasonable expenditure, that may have been incurred by him/her while performing his/her role as a director of the company including site visits, induction and training organised by the company and in obtaining professional advice/services from independent advisors in the furtherance of his/her duties as the company's director.
- Subject to applicable laws, an Independent Director shall not be entitled to any stock option of the company.

REMUNERATION TO OTHER EMPLOYEES INCLUDING KMP

- The remuneration for other employees including KMP would be as per the compensation policy of the company, approved by the Managing Director in consultation with the Chief Operating Officer and revised through the annual compensation review process from time to time.
- 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 fixed salary, the company may provide employees with certain perquisites, allowances and benefits to offer scope for savings and tax optimisation, where possible.
- The company may also include a variable component to the employee's remuneration in the form of a performance linked bonus or performance linked incentive or long-term incentive as applicable. The performance linked bonus/incentive would be driven by the outcome of the annual compensation review process and the performance of the company.
- No component of an employee's or director's remuneration – whether fixed or variable, shall be based on or linked to any voting recommendations or outcome of any other research made by the company.
- No employee shall accept or receive any form of compensation or other benefits for any promise or assurance of favourable review in any research report to a company or business group or to influence a business relationship.
- Subject to the SEBI (Research Analysts) Regulations, 2014, the employees shall, in addition to fixed and variable pay, also be eligible to compensation by participating in incentive schemes such as the Employee Referral Programme and similar schemes that may be implemented by the company.

ABOUT THIS POLICY

- The NRC is responsible for recommending the remuneration policy to the Board. The management is responsible for overseeing implementation of this policy.
- The Board on its own and/or as per the recommendations of the NRC, may amend this policy, as deemed fit from time to time.
- This policy, wherever applicable, shall be extended to the company's subsidiaries.