

# **INSPIRA ENTERPRISE INDIA LIMITED**

## **NOMINATION AND REMUNERATION POLICY**

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### **1. Introduction**

- 1.1 This policy on the nomination and remuneration of Directors and Key Managerial Personnel has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors ("**Policy**").
- 1.2 This Policy is guided by the principles and objectives as enumerated in Section 178 (3) of the Companies Act, 2013 and the rules made thereunder, each as amended (the "**Act**"), to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company.

### **2. Objectives of the NR Committee**

- 2.1 The NR Committee shall:
  - A. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, Key Managerial Personnel and other employees.
  - B. Formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors.
  - C. Identify persons who are qualified to become Directors and persons who may be appointed in Key Managerial in accordance with the criteria laid down in this policy.
  - D. Recommend to the Board, appointment and removal of Director and KMP of the Company.
  - E. Devise a policy on diversity of Board of Directors; and
  - F. Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
  - G. To ensure that level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully.
  - H. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
  - I. Consideration and approval of employee stock option schemes and to administer and supervise the same

- J. Decision on matters such as quantum of and milestones for grant, eligibility of employees who shall be entitled to grant of options, vesting period and conditions thereof, termination policies etc
- K. Developing a succession plan for Board and senior management and develop a diverse pool of candidates who may be considered to fill the gap in Board positions or senior management in case of any eventuality and regularly reviewing the plan.

**3. Effective Date:**

3.1 The following policy has been formulated by the NR Committee and adopted by the Board of Directors

3.2 This policy shall be operational with immediate effect.

**4. Definitions:**

4.1 **“Board” or “Board of Directors”:** - Board or Board of Directors means the board of directors of the Company.

4.2 **“Director”:** - Director means Director of the Company appointed in accordance with the Companies Act, 2013.

4.3 **“NR Committee”:** - NR Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.

4.4 **“Company”:** - Company means Inspira Enterprise India Limited.

4.5 **“Independent Director”:** - shall have the meaning as defined under the Companies Act, 2013 read with relevant rules made thereunder as amended from time to time.

4.6 **“Key Managerial Personnel”:** - Key Managerial Personnel or KMP means-

- (i) the Executive Chairman;
- (ii) the Managing Director
- (iii) the Joint Managing Director
- (iv) the Whole-Time Director
- (v) Executive Director
- (vi) the Chief Executive Officer
- (vii) the Chief Financial Officer
- (viii) the Company Secretary; and
- (ix) Such other officer as may be prescribed under the applicable statutory provisions / regulations.

## **5. Applicability**

5.1 The Policy is applicable to:

- A. Directors (Executive and Non-Executive); and
- B. Key Managerial Personnel;

## **6. Accountability**

6.1 The Board is ultimately responsible for the appointment, re-appointment and removal of Directors and KMP of the Company.

6.2 The Board has delegated responsibility for assessing and recommending the candidates for the role of Directors and Key Managerial Personnel to NR Committee which makes recommendations to the Board.

## **7. General Appointment Criteria:**

7.1 The NR Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director or KMP and accordingly recommend to the Board his / her appointment.

7.2 The Company should ensure that the person so appointed as Director/ Independent Director/ KMP shall not be disqualified under the Companies Act, 2013, rules made thereunder, or any other enactment for the time being in force.

7.3 The Director/ Independent Director/ KMP shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made there under, and any other enactment for the time being in force which is applicable to the Company.

## **8. Additional Criteria for Appointment of Independent Directors:**

8.1 The NR Committee shall consider qualifications for Independent Directors as mentioned in herein earlier under the head 'Definitions' and also their appointment shall be governed as per the provisions of Section 149 and section 150 of the Companies Act, 2013 read with relevant rules thereon (as amended from time to time).

## **9. Term / Tenure:**

### **9.1 Executive Chairman/ Managing Director**

A. The Company shall appoint or re-appoint any person as its Executive Chairman or Managing Director for a term not exceeding five years at a time or as may be prescribed under the Act. No re-appointment shall be made earlier than one year before the expiry of term.

## 9.2 **Independent Director**

- A. 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 re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- B. 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.

## 10. **Removal**

- 10.1 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 or any other reasonable ground, the NR Committee may recommend to the Board for removal of a Director or KMP not being a director appointed by the Tribunal subject to the provisions and compliance of the said Act, rules and regulations and after giving him a reasonable opportunity of being heard

## 11. **Criteria for Evaluation of Independent Director and the Board**

- 11.1 The process for evaluation of Independent Directors and the Board will be initiated each year by the Chairman of the NRC or any other person as authorized by the NRC and shall be evaluated on the basis of the following criteria i.e. whether they:
  - A. act objectively and constructively while exercising their duties;
  - B. exercise their responsibilities in a bona fide manner in the interest of the Company;
  - C. devote sufficient time and attention to their professional obligations for informed and balanced decision making;
  - D. do not abuse their position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
  - E. refrain from any action that would lead to loss of his independence
  - F. inform the Board immediately when they lose their independence,
  - G. assist the Company in implementing the best corporate governance practices,
  - H. strive to attend all meetings of the Board of Directors and the Committees;
  - I. participate constructively and actively in the committees of the Board in which they are members;
  - J. strive to attend the Board, Committee and general meetings of the Company;
  - K. keep themselves well informed about the Company and the external environment in which it operates;
  - L. do not to unfairly obstruct the functioning of an otherwise proper Board or committee of the

Board;

- M. moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest; and
- N. abide by Company's memorandum and articles of association, Company's policies and procedures including code of conduct, insider trading guidelines etc.

**12. Board diversity:**

- 12.1 The Board of Directors may have the combination of Directors from the different areas / fields like Technical, Management, Quality Assurance, Finance, Banking, Sales and Marketing, Supply chain, Research and Development, Human Resources etc. or as may be considered appropriate.

**13. Remuneration:**

- 13.1 The NR Committee will recommend the remuneration to be paid to the Executive Chairman, Managing Director/ Manager, Non-Executive Directors and Key Managerial Personnel to the Board for their approval.
- 13.2 The level and composition of remuneration so determined by the NR Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel of the quality required to run the Company successfully. The relationship of remuneration to performance should be made clear and should meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals
- 13.3 The Nomination and Remuneration Committee while approving the remuneration shall consider:
  - i. Financial position of the company
  - ii. Long-term value creation
  - iii. Reward achievement of results on the basis of prudent practice, responsibility and risk taking abilities.
  - iv. Industry practice and benchmarks,
  - v. Appointee's qualification, experience, past performance, past remuneration, etc.
  - vi. Be in a position to bring about objectivity in determining the remuneration package while striking a balance between the interest of the company and the shareholders

**A. Executive Chairman / Managing Director/Whole Time Directors)**

- 1. The compensation paid to the executive directors (including Executive Chairman) will be within the scale approved by the shareholders. The elements of the total compensation, approved by the NR Committee will be within the overall limits specified under the Companies Act, 2013.

2. Besides the above criteria, the remuneration/ compensation/ commission etc to be paid to Executive Chairman /Managing Director etc shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.
3. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive Chairman /Managing Director etc in accordance with the provisions of Schedule V of the Act.
4. If any Chairman/ Managing Director/ Whole-time Directors draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act or without the necessary approvals, 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 necessary approvals are obtained under the Act.

**B. Non-executive Directors**

1. The Non- Executive Director may receive sitting fees for attending meetings of Board or Committees thereof. The remuneration/ commission/ compensation to the Non-Executive Directors will be determined by the NR Committee and recommended to the Board for its approval.
2. The remuneration payable by the Company to Non-Executive Directors shall be subject to the conditions specified in the Act.
3. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Non-Executive Directors in accordance with the provisions of Schedule V of the Act.
4. An independent director shall not be entitled to any stock option and may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose as may be decided by the Board and profit related commission as may be approved by the members.

**C. KMPs etc.**

1. The Remuneration to be paid to KMPs shall be based on the experience, leadership abilities, initiative taking abilities and knowledge base, qualification and expertise of the related personnel and governed by the limits, if any prescribed under the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.
2. A managerial person shall be eligible for the following perquisites which shall not be included in the computation of the ceiling on remuneration:

- a. contribution to Provident Fund
- b. Superannuation or annuity fund
- c. Gratuity
- d. leave encashment

**D. Directors' and Officers' Insurance**

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 payable to any such personnel unless otherwise specifically provided under the Act.

**14. Chairperson**

14.1 Chairperson of the NR Committee shall be an Independent Director.

14.2 In the absence of the Chairperson, the members of the NR Committee present at the meeting shall choose one amongst them to act as Chairperson.

14.3 Chairperson of the NR Committee meeting could be present at the annual general meeting of the Company or may nominate some other member to answer the shareholders' queries.

**15. Members**

15.1 The Nomination and Remuneration Committee shall consist of at least three (3) Non-Executive Directors out of which not less than one half shall be Independent Directors

15.2 Chairperson of the Company may be appointed as a member of the NR Committee but shall not be a Chairperson of the NR Committee.

**16. NR Committee Members Interest**

16.1 A member of the NR Committee is not entitled to participate in the discussions when his/her own remuneration is discussed at a meeting or when his/her performance is being evaluated.

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

**17. Secretary**

17.1 The Company Secretary of the Company shall act as Secretary of the NR Committee.



**18. Adoption, Changes and Disclosure of Information**

- 18.1 This Policy and any changes thereof will be approved by the Board based on the recommendation(s) of the NR Committee.
- 18.2 This policy may be reviewed at such intervals as the Board or NR Committee may deem necessary.

**19. Dissemination of Policy**

- 19.1 This Policy shall also be posted on the website of the Company and the details of this Policy, including the evaluation criteria, shall be mentioned in the annual report of the Company

**20. Amendment**

In the event of any conflict between the provisions of this Policy and the Companies Act or any other statutory enactments, rules, the provisions of the Companies Act or statutory enactments, statutory provisions shall prevail over this Policy.

Any subsequent amendment/modification in the Companies Act or any other applicable laws, the provision of this Policy shall be read and implemented in context of such amended/modified or clarified positions.