

NSEIT Limited Remuneration Policy

1. Introduction

NSEIT Limited (hereinafter referred to as "NSEIT" or "the company") is governed by the Companies Act, 2013 and rules notified thereunder;

Section 178 of the Companies Act, 2013 read with rules framed thereunder prescribe that the Nomination and Remuneration Committee shall recommend to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees.

Accordingly the Committee hereby recommends to the Board of Directors of NSEIT, a policy relating to remuneration for the Directors, Key Managerial Personnel and other employees.

2. Definitions

- (i) "Board of Directors" or "Board" shall mean the collective body of directors of NSEIT;
- (ii) "Director" means a director appointed on the Board of NSEIT;
- (iii) "Independent Director" shall have the meaning as defined under the Companies Act, 2013 read with relevant rules.
- (iv) "**Key Managerial Personnel (KMP)** under Companies Act, 2013 means-
 - (a) Managing Director or Chief Executive Officer ("CEO") or Manager;
 - (b) Company Secretary,
 - (c) Whole-time Director;
 - (d) Chief Financial Officer; and
 - (e) 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
 - (f) such other officer as may be prescribed.
- (v) "Managing Director" means a director who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called.

Explanation.—For the purposes of this clause, the power to do administrative acts of a routine nature when so authorized by the Board such as the power to affix the common seal of the company to any document or to draw and endorse any cheque on the account of the company in any bank or to draw and endorse any negotiable instrument or to sign any certificate of share or to direct registration of transfer of any share, shall not be deemed to be included within the substantial powers of management;

- (vi) **“Nomination and Remuneration Committee” or “Committee”** shall mean a Committee of Board of NSEIT, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013.
- (vii) **“Policy”** means this Remuneration Policy.
- (viii) The term **“Senior Management Personnel”** means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive Directors, including the functional heads. It includes KMPs as defined under the Companies Act, 2013 **“Whole-time director”** includes a director in the whole-time employment of the company;

Words and definitions not defined herein, shall have the same meaning as provided in the Companies Act, 2013 read with relevant rules, or other relevant provisions; as may be applicable.

3. Interpretation

In any circumstance where the terms of this Policy differ from any existing or enacted law, rule, regulation governing the Company, the law, rule or regulation will take precedence over the provision of this Policy.

4. Objectives

The Company aims to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management. The objectives of this policy are:

- (a) To lay down a policy for payment of remuneration to the Directors, Key Managerial Personnel, Senior Management and other employees of NSEIT;;
- (b) To assist the Board on determination of remuneration payable to the Directors, Key Managerial Personnel, Senior Management and other employees of NSEIT;
- (c) 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;
- (d) To ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- (e) To ensure that the 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.

5. Remuneration of Directors, KMP and Senior Management:

The remuneration / compensation etc. to be paid to Directors will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation etc. shall be subject to the approval of the shareholders of the Company, Central Government, wherever required. It shall be as per the statutory provisions of the Companies Act, 2013 read with the rules made thereunder for the time being in force. (b) The remuneration/compensation to be paid to the KMP shall be determined by the Managing

Director. It shall be as per the statutory provisions of the Companies Act, 2013 read with the rules made thereunder for the time being in force.

- (a) The Committee shall lay down compensation policy of the Company from time to time in accordance with market practice and the Company philosophy.
- (b) (d) The annual compensation shall consist of a fixed component and a variable component. The variable component shall not exceed one third of the total pay in respect of KMPs.
- (c) The following factors shall be considered while fixing compensation package for the employees: performance, potential, qualification, experience, expertise, role, responsibilities, level of employees, inflation, attraction and retention of talent, market benchmark, size and complexities of operation, financial condition and health of the Company, etc.
- (d) The variable pay in respect of the KMPs, excluding the Managing Director shall be paid half yearly on a pro-rata basis based on assessments. The variable pay in respect of the Managing Director shall be paid on annually based on the recommendations of the Nomination & Remuneration Committee.

6. Remuneration criteria for the board

(i) For Executive Directors:

- a) Base Compensation (fixed salaries)
 - Must be competitive and reflective of the individual's role, responsibility and experience in relation to performance of day-to-day activities, which may include salary, allowances and other statutory/non-statutory benefits which are normal part of remuneration package in line with market practices.
- b) Variable salary:
 - The Company may structure any portion of remuneration as variable in the form of commission/bonus or otherwise, linked to rewards on the achievement of Company's and individual performance, fulfillment of specified improvement targets or attainment of certain financial or other objectives set by the Board. The amount payable shall be determined by the Committee/Board, based on performance against pre-determined financial and non-financial metrics.
 - As per Section 197 of the Act, the total managerial remuneration payable by the Company to its directors, including managing director and whole time director, and its manager in respect of any financial year shall not exceed 11% of net profits of the Company computed in the manner laid down in Section 198 in the manner as prescribed under the Act except that the Remuneration shall not be deducted from the gross profits
 - The Company may except with the approval of the shareholders authorize the payment of remuneration upto 5% of the net profits of the Company to its anyone Managing Director/Whole Time Director/Manager and ten percent in case of more than one such official.

- The Company with the approval of the Shareholders may authorize the payment of remuneration exceeding eleven percent of the net profits of the company, subject to the provisions of Schedule V of the Act.
- The net profits for the purpose of the above remuneration shall be computed in the manner referred to in Section 198 of the Act.
- The Whole-time Director/Executive Director shall not be entitled to sitting fees as approved by the Board
- The Whole-time Director/Executive Director shall be governed by HR policies as applicable to the other employees of the Company.

(ii) For Non- Executive Directors/ Independent Directors:

- The Independent Directors of the Company are entitled to sitting fees for attending the meetings of the Board or Committees thereof.
- The Company may pay remuneration to its directors, other than Managing Director and Whole Time Director upto 1% of the net profits of the Company, if there is a managing director or whole time director or manager and 3% of the net profits in any other case.
- All fees / compensation, if any paid to non-executive directors, including independent directors, shall be fixed by the Board of Directors within the limits as prescribed under the Act and shall require prior approval of shareholders, however, the requirement of obtaining prior approval of shareholders shall not apply to payment of sitting fees to independent directors, if made within the limits prescribed under the Act.
- The reimbursement of expenses for attending the Board and other Committee meetings including travelling, boarding and lodging expenses, shall be paid by the Company.

(iii) For Key Managerial Personnel (KMP) and Senior Management

- The remuneration of the Key Managerial Personnel and Senior Management shall be determined, after considering the following key factors:
 - a) The level and composition of remuneration that should be reasonable and sufficient to attract, retain and motivate directors/executives and should be in line with the industry practice aimed at promoting the short term and long term interests and performance of the company.
 - b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
 - c) Remuneration will 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.

The Appointment of KMP under Companies Act, 2013 shall be approved by the NRC followed by Board approval.

However the said amount or any part thereof in respect of a financial year may be prevented from being paid by the compensation committee, after providing an opportunity of being heard to the concerned KMP, in case of fraud, misfeasance, misappropriation or excessive risk taking by the concerned employee intentionally causing financial loss to the company.

- (i) ESOPs and other equity linked instruments will not form part of the compensation.
- (ii) Incentive to take excessive risks over the short term shall be discouraged.
- (iii) In the event any employee applies for any loan whether temporary or otherwise from the Company, the same may be granted at the sole discretion of the MD & CEO.
- (iv) Medical Expenditure actually incurred by the employee or his family members over and above the insured amount may be approved at the sole discretion of MD & CEO from the emergency corporate fund with the insurer.

A. KMPs identified under the Companies Act, 2013 and Other Employees

The remuneration payable to KMPs identified under the Companies Act, 2013 and other employees shall be determined by the Managing Director from time to time.

7. Reporting to the Board

The Chairman of the Committee shall report to the Board on material matters arising at the Committee meetings and, where applicable, shall present the Committee's recommendations to the Board for its approval

8. Amendment

Any amendment or modification in the Companies Act, 2013, Rules, Regulations and directives issued under the respective statutes and any other applicable provision relating to the remuneration/compensation/commission, etc. shall automatically be applicable to the Company.

9. Disclosure

This policy shall be disclosed in the Board's Report in accordance with provisions of the Companies Act, 2013 and rules framed thereunder, from time to time.

10. Review of the policy

This Policy shall be reviewed by the Nomination and Remuneration committee periodically, presently once in 2 years, unless an earlier review required to ensure that it meets the regulatory requirements or latest industry practice or both.