



EXICOM TELE-SYSTEMS LIMITED

NOMINATION AND REMUNERATION POLICY

(Amended and effective from August 11, 2023)

1. PREAMBLE

Pursuant to Section 178(3) of the Companies Act, 2013 and rule 6 of the Companies (Meeting of Board and its powers) rules, 2014 and Regulation 19 read with Part D of Schedule II of and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the Board of Directors of every public Company, *inter alia*, having turnover of Rs. 100 crore or more shall constitute the Nomination and Remuneration Committee. The Board had already constituted Remuneration Committee comprising of three Non-Executive Independent Directors. In order to align with the provisions of the Companies Act, 2013 and rules made there under, the Board on 2nd June 2014 changed the nomenclature of the “Remuneration Committee” as “Nomination and Remuneration Committee” and reconstituted the Committee with the same three non-executive Independent Directors as Member of the Committee. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by Nomination and Remuneration Committee and approved by the Board in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto.

The Board amended this policy in their meeting held on August 11, 2023 (effective from August 11, 2023).

2. OBJECTIVE

The primary objective of the Policy is to provide a framework and set standards for the nomination, remuneration and evaluation of the Directors, Key Managerial Personnel and official comprising the senior management. The Company aims to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management.

The main objective of the policy and committee includes the following:

- To guide and recommend to the Board in relation to appointment and removal of Directors, Key Managerial and Senior Management Personnel.
- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommendation to the Board on the remuneration payable to Directors, Key managerial personnel and officials in senior management of the Company.
- Formulating the criteria for evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.



- To guide on providing reward to Directors, KMPs and Senior Management directly linked to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial personnel and create competitive advantage.

In the context of the aforesaid criteria & objectives the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors.

3. DEFINITIONS:

“Board” means Board of Directors of the Company.

“Company” means **“Exicom Tele-Systems Limited.”**

“Independent Director” means a director referred to in Section 149 (6) of the Companies Act, 2013.

“Key Managerial Personnel” (KMP) means:

- (i) Managing Director or Chief Executive Officer or Manager,
- (ii) Whole-time Director
- (iii) Company Secretary;
- (iv) Chief Financial Officer;
- (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.

“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.

“Policy or This Policy” means, “Nomination and Remuneration 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 issuer 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 Company Secretary and the Chief financial Officer.

4. APPLICABILITY:

The Policy shall be applicable to Directors (Executive and Non-Executive), Key Managerial Personnel and Senior Management Personnel.

5. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT:

(i) Appointment Criteria and Qualifications:

a) The Nomination and Remuneration Committee (“Committee”) shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP and at Senior Management level and recommend to the Board his / her appointment.

b) 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.

c) The Company shall not appoint or continue the employment of any person as Managing Director/ Whole-time Director 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.

(ii) Term/Tenure

(a) Managing Director/Whole-time Director/Executive Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director 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.

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

No Independent Director shall hold office for more than two consecutive terms of maximum of 5 years each, 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.

6. EVALUATION/ASSESSMENT OF DIRECTORS/KMPs/SENIOR OFFICIALS OF THE COMPANY:

The evaluation/assessment of the Directors, KMPs and the senior officials of the Company is to be conducted on an annual basis by the Committee.

The following criteria may assist in determining how effective the performances of the Directors/KMPs/Senior officials have been:

- Leadership & stewardship abilities.
- Contributing to clearly define corporate objectives & plans.
- Communication of expectations & concerns clearly with subordinates.
- Obtain adequate, relevant & timely information from external sources.
- Review & approval of achievement of strategic and operational plans, objectives, budgets.
- Regular monitoring of corporate results against projections.
- Identify, monitor & mitigate significant corporate risks.
- Assess policies, structures & procedures.
- Direct, monitor & evaluate KMPs, senior officials.
- Review management's succession plan.
- Effective meetings.
- Assuring appropriate board size, composition, independence, structure.
- Clearly defining roles & monitoring activities of committees.
- Review of corporation's ethical conduct.

Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/Non-Executive/Non-Independent Directors in a separate meeting of the Independent Directors.



The Executive Director/Non-Independent Directors along with the Independent Directors will evaluate/assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion.

7. REMOVAL:

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMPs subject to the provisions and compliance of the said Act, rules and regulations.

For senior management personnel; the removal will be governed by Exicom Tele-systems Limited HR policy and the subsequent approval of Managing Director.

8. RETIREMENT:

The Director, KMPs and Senior Management personnel shall retire as per the applicable provisions of the Act and the prevailing HR policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

9. REMUNERATION:

The guiding principle is that the level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate Directors, Key Management Personnel and other senior management officials.

The Directors, Key Management Personnel and other senior management official's salary shall be based & determined on the basis of person's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any.

The Nominations and Remuneration Committee determines remuneration packages for Directors, KMPs and Senior Management officials of the Company taking into account factors it deems relevant, including but not limited to market conditions, business performance and practices in comparable companies, having due regard to financial and commercial health of the Company as well as prevailing laws and other guidelines.



(i) Remuneration to Executive Directors:

(a) Base Compensation (fixed salaries)

Fixed remuneration must be competitive and reflective of the individual's role, responsibility and experience in relation to performance of day-to-day activities, usually reviewed on an annual basis; (includes salary, allowances and other statutory/non-statutory benefits which are normal part of remuneration package in line with market practices).

(b) Variable compensation/salary:

The Nomination and Remuneration Committee in consultation with Human Resources department may in its discretion structure any portion of remuneration to link rewards to corporate and individual performance, fulfillment of specified improvement targets or the attainment of certain financial or other objectives set by the Board. The amount payable is determined by the Committee, based on performance against pre-determined financial and non-financial metrics.

(c) Statutory Requirements:

- Section 197(5) provides for remuneration by way of a fee to a director for attending meetings of the Board of Directors and Committee meetings or for any other purpose as may be decided by the Board.
- Section 197(1) of the Companies Act, 2013 provides for 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 eleven percent
- of the net profits of the Company computed in the manner laid down in Section 198 in the manner as prescribed under the Act.
- The Company with the approval of the Shareholders and Central Government may authorize the payment of remuneration exceeding eleven percent of the net profits of the company, subject to the provisions of Schedule V.
- The Company may with the approval of the shareholders authorize the payment of remuneration upto five percent 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 may pay remuneration to its directors, other than Managing Director and Whole Time Director up to one percent of the net profits of the Company, if there is a

managing director or whole time director or manager and three percent of the net profits in any other case.

- The net profits for the purpose of the above remuneration shall be computed in the manner referred to in Section 198 of the Companies Act, 2013.
- The remuneration payable to the Directors shall be as per the Company's policy and shall be valued as per the Income Tax Rules.

(ii) Remuneration to Non-Executive/Independent Director:

The Independent Directors 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. The sitting fee to the Independent Directors shall not be less than the sitting fee payable to other directors.

Commission may be paid subject to the limits as per the applicable provisions of the Act. In determining the quantum of commission payable to the Directors, the NRC shall make its recommendation after taking into consideration the overall performance of the Company and the responsibilities required to be shouldered by the Directors. The Commission shall be payable on pro-rata basis to those non-executive Directors who occupy the office for a part of the year or the number of meetings attended during the year.

(iii) Remuneration to Key Managerial Personnel and Officials in Senior Management:

The remuneration payable to the Key Managerial Personnel and to the officials in Senior Management shall be decided by the Board having regard to the provisions of Act and their experience, leadership abilities, initiative taking abilities and knowledge base.

10. DUTIES OF THE COMMITTEE IN RELATION TO NOMINATION MATTERS:

The duties of the Committee in relation to nomination matters include:

- Ensuring that there is an appropriate induction & training programme in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment as per the provisions of the Companies Act 2013;
- Identifying and recommending Directors who are to be put forward for retirement by rotation.

- Determining the appropriate size, diversity and composition of the Board as per the provisions of the Companies Act 2013.
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board.
- Considering any other matters as may be assigned by the Board.

11. DUTIES OF THE COMMITTEE IN RELATION TO REMUNERATION MATTERS:

- To consider and determine the Remuneration, based on the principles of (i) pay for responsibilities, (ii) pay for performance and potential and
- To pay for growth and ensure that the remuneration fixed is reasonable and sufficient to attract, retain and motivate the Directors, KMPs and officials in Senior Management.
- To take into account, financial position of the Company, trend in the Industry, appointee's qualification, experience, past performance, past remuneration, etc.
- To bring about objectivity in determining the remuneration package while striking a balance between the interest of the Company, Employees and the Shareholders.
- To consider other factors as the Committee shall deem appropriate for elements of the remuneration of the members of the Board and ensure compliance of provisions of Companies Act 2013 and other applicable laws.
- To ensure that a balance is maintained between fixed and variable pay reflecting short and long term performance objectives appropriate to the working of the Company in the remuneration of Directors, Senior Management and Key Managerial Personnel.



- Professional indemnity and liability insurance for Directors and senior management. The Remuneration policy will be disclosed in the Annual Report of the Company.
- To consider any other matters as may be assigned by the Board;

11. REVIEW AND AMEND:

- I. The Committee or the Board may review the Policy as and when it deems necessary.
- II. The Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
- III. This Policy may be amended or substituted by the Committee or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.
