

ENDURANCE TECHNOLOGIES LIMITED

CIN: L34102MH1999PLC123296

Nomination and Remuneration Policy*

**[Ver.7 - Revised by the Board of Directors at its meeting held on 19th May, 2022]*

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I. Background

The Companies Act, 2013 (the “Act”) read with Rules thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “LODR Regulations”) makes it mandatory for listed and public companies to constitute a Nomination and Remuneration Committee. The Committee is responsible for formulating a policy which documents a mechanism for appointment, cessation, evaluation and remuneration of the following:

1. Directors,
2. Key Managerial Personnel (KMP),
3. Senior Management Personnel.

Accordingly, in terms of Sections 178 of the Act and Regulation 19 of the LODR Regulations, the Board has constituted a Nomination and Remuneration Committee.

II. Objective

The primary objective of this policy is to provide guidelines and lay down the principles for:

- i. formulating the criteria for determining qualifications, positive attributes and independence of a director for the purpose of appointment on the Board of the Company;
- ii. determining remuneration for Directors, Key Managerial Personnel and Senior Management Personnel to ensure:
 - (a) that the level and composition of remuneration is reasonable and sufficient to attract high quality professionals, retain and motivate them for effective management the business;
 - (b) remuneration is performance linked and meets appropriate performance benchmarks; and
 - (c) judicious balance between fixed and variable pay to ensure that short and long-term performance objectives are aligned to the working of the Company and its goals.
- iii. Evaluating performance of Board, as a whole, Committees and individual directors.

Frequency of meetings – The Nomination and Remuneration Committee shall meet at least once in a year.

III. Requirement under the Act and the LODR Regulations

This Policy has been formulated in compliance with the terms of Section 178 of the Act and Regulation 19 of the LODR Regulations.

IV. Definitions

‘Act’ means Companies Act, 2013 and rules thereunder, as amended from time to time.

‘Board’ means Board of directors of the Company.

‘Casual Vacancy’ means vacation of an officer before expiry of term of that office in normal course.

‘Committee’ means Nomination and Remuneration Committee of the Company as constituted by the Board, in accordance with the Act and LODR Regulations.

‘Company’ means Endurance Technologies Limited.

‘Director(s)’ means Directors of the Company.

‘Independent Director’ means a Director referred to in Section 149(6) of the Act.

‘Key Managerial Personnel’, in relation to a company, means –

- (i) Chief Executive Officer or the Managing Director;
- (ii) Company Secretary;
- (iii) Whole-time Director(s);
- (iv) Chief Financial Officer; and
- (v) such other officer as may be prescribed.

‘LODR Regulations’ means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

‘Policy’ means Nomination and Remuneration Policy.

‘Remuneration’ means any money or its equivalent given or passed for services rendered and includes perquisites as defined under the Income-Tax Act, 1961.

‘Senior Management Personnel’ shall include officials in the management cadre in Grade M8 and above of the Company, excluding the Board of Directors, and shall specifically include the Chief Financial Officer and the Company Secretary of the Company, and such other officials as may be designated by the Board.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Act, as may be amended from time to time, shall have the meaning respectively assigned to them therein.

V. **Nomination**

1. Appointment:

The Board shall assess the requirement of appointment of a new Director on the Board or Key Managerial Personnel in the following events:

- (a) To fill up any vacancy or any new requirement,
- (b) To fulfill statutory requirement, or
- (c) To fill up critical positions in the Company as per the organisation structure.

2. Based on the requirement assessed above, the Committee shall recommend the person/ persons to be appointed. The incumbent should necessarily fulfil the following criteria:

2.1. Criteria for appointment as Director: The incumbent should:

- 2.1.1. not be disqualified in terms of Section 164 of the Act;
 - 2.1.2. be eligible in terms of Schedule V to the Act, if he/she is going to be appointed as Managing Director, Whole-time Director or manager;
 - 2.1.3. fulfill the terms of independence as per the provisions of Section 149 and Schedule IV to the Act, and LODR Regulations; and
 - 2.1.4. possess qualification, experience, capability and knowledge commensurate with the functional responsibilities he/she has to fulfill.
 - 2.1.5. meet the role description and Board diversity criteria required from directors, drawn up by the Committee, based on evaluation of the balance of skills, knowledge and experience on the Board.
- 2.2. Re-appointment of independent director shall be on the basis of report of performance evaluation.
- 2.3. Criteria for appointment as Key Managerial Personnel and Senior Management Personnel: The incumbent should possess the following qualities:
 - 2.3.1. Qualification and experience should be commensurate with the function to be headed.
 - 2.3.2. He/she should display Endurance Values – Customer Centricity, Integrity, Transparency, Teamwork and Innovation (CITTI).
3. Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the guidelines provided under the Act;
4. Succession Planning – The Committee shall review succession plans of the Board, Key Managerial Personnel and Senior Management Personnel and changes if any, thereto.
5. Cessation of engagement – This can either be:
 - 5.1. Not to recommend reappointment upon retirement by rotation;
 - 5.2. Retirement from services in terms of Company’s Human Resource Policy

The Board may, at its discretion, continue employment of whole-time directors in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company. The discretion to continue employment of Key Managerial Personnel and Senior Management Personnel shall vest with the Committee, who shall decide the position / remuneration or otherwise after an incumbent attains the retirement age.
 - 5.3. Resignation;
 - 5.4. Death;

- 5.5. Removal - The Committee shall recommend removal in the following cases:
 - 5.5.1. The Director has been disqualified in terms of Section 164 of the Act.
 - 5.5.2. The person has displayed adverse behaviour with regard to Endurance Values.
 - 5.5.3. Violation of Code of Conduct for Directors and Senior Management Personnel of the Company.
- 5.6. In terms of statutory provisions (*please refer section on “Term/ Tenure”*)
6. Term/ Tenure
 - 6.1. Executive Directors

The Company shall appoint or re-appoint any person as its Managing Director or Whole-time 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.
 - 6.2. Independent Directors
 - a) Subject to the provisions of the Act, an Independent Director shall hold office for a term up to five consecutive years on the Board and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure(s) 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.

VI. Remuneration

1. Directors

1.1. Remuneration Principles

- 1.1.1. Remuneration to Directors shall be in accordance with the provisions of the Act and Articles of Association of the Company.
- 1.1.2. The remuneration payable to Directors will be determined by the Committee and recommended to the Board for approval. Remuneration, if approved by the Board, will be subject to approval of the shareholders and such other regulatory approvals, wherever required.
- 1.1.3. Remuneration payable shall be commensurate with qualification, experience and participation of Directors in providing strategic guidance to the Company.
- 1.1.4. Remuneration payable shall be based on the evaluation of each of the Directors and Board, as a whole.

1.2. Remuneration Components:

- 1.2.1. Every non-executive Director shall be entitled to sitting fee for every meeting of the Board and Committees of the Board attended by him/her, except if he/she is an executive director and/ or in full time employment of any subsidiary / group company of the Company.
- 1.2.2. The Committee shall decide other components of remuneration payable to non-executive Directors as per applicable provisions of the Act.
- 1.2.3. The remuneration of Whole-time Director(s) shall comprise a mix of fixed pay, performance based incentive and such other perquisites as may be approved by the Board.
- 1.2.4. Non-executive Independent Directors will be eligible to commission, as may be decided by the Board, within the monetary limit approved by the shareholders. The Board is authorised to approve payment of remuneration to Non-executive Independent Directors up to a limit of 1% of the net profits of the Company.
- 1.2.5. Remuneration payable to any Director in terms of Section 197 of the Act, shall include remuneration payable to him for the services rendered in any other capacity unless:
 - (a) the services rendered are of a professional nature; and
 - (b) the Committee is of the opinion that the Director possesses requisite qualification for practice of the profession.
- 1.2.6. Where any insurance is taken by the Company in respect of its Managing Director, Whole-time Directors and/ or Non-executive Directors for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

1.3. Minimum Remuneration

In the event of no profits or inadequate profits in any financial year, the Company shall pay remuneration to its Directors in accordance with the provisions of Schedule V to the Act.

2. Key Management Personnel (*other than Managing and Whole-time Directors*) and Senior Management Personnel

2.1. Remuneration Principles

- 2.1.1. The Committee shall endeavour to decide such level and composition of remuneration which is reasonable and sufficient to attract, motivate and retain high caliber professionals in the Company.
- 2.1.2. Remuneration, in case of new appointment, shall be decided on the basis of individual's qualification, experience,

competencies, responsibilities to be discharged for the assigned job and potential contribution to the Company.

2.1.3. All remuneration, in whatever form, payable to Senior Management Personnel shall be reviewed and recommended to the Board, after taking into account the views of the management of the Company.

2.1.4. Increment in remuneration shall be annual and will be based on the result of performance appraisal process conducted as per the Human Resource Policy of the Company.

2.2. Remuneration Components:

2.2.1. Remuneration shall comprise the following:

- i. fixed pay: being the basic salary and allowances;
- ii. variable pay: performance-linked component based on the extent of achievement of the individual's KRAs and performance of the business unit;
- iii. Perquisites – benefits in the nature of facilities provided by the Company;
- iv. Contribution to provident and other funds – includes contribution to provident fund, gratuity and superannuation funds.

2.2.2. The proportion of variable pay in the total remuneration shall increase with the elevation in grade and responsibilities.

2.2.3. Rewards – given by the Company to motivate and retain employees shall form part of the remuneration.

2.3. Where any insurance is taken by the Company on behalf of its Key Managerial Personnel for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

VII. Evaluation

1. The Committee shall regularly assess the requirement of expertise necessary on the Board to oversee and provide strategic guidance to Company's business.
2. Based on the understanding at (1) above, the purpose of Board evaluation is to:
 - (a) Improve the performance of Board for achievement of corporate goals and objectives.
 - (b) Assess the balance of skills, knowledge and experience on the Board.
 - (c) Identify areas to be focused for improvement.
 - (d) Identify and create awareness about the role of Directors individually and collectively as Board.
 - (e) Identify ongoing trainings to ensure that the Directors are provided with adequate information to understand Company's business, the industry and their duties & responsibilities (both legal and fiduciary).

- (f) Build a Board which provides strategic guidance and contribution for overall growth of the organisation.
 - (g) Build teamwork and develop effective coordination between Board members towards growth of the organisation.
3. Board evaluation requires:
- (a) Deciding individual and collective roles and responsibilities of the Directors;
 - (b) Setting the standards of individual performance of every Director, as a member of respective Board constituted Committee, if applicable, and collective performance as the Board.
4. The Committee shall lay down the criteria and framework for performance evaluation of each Director which could either be in the form of standard questionnaire and/or through one-on-one interviews.
5. The Committee shall be responsible for implementation of the methodology to be followed by the Company for performance evaluation of the Board, its committees and individual directors and for periodic review of the same.
6. The performance evaluation of individual Directors shall be done by the entire Board (excluding the director being evaluated).
- The Board shall also evaluate performance of the Board of Directors and its committees, as a whole.
7. The Committee shall ensure evaluation of Independent Directors as per the provisions of Schedule IV to the Act i.e. Code for Independent Directors.
8. The Committee may, under the authority granted by the Board, engage consultant(s) for establishing the process of Board evaluation.
9. Criteria for evaluation may include:
- (a) Time devoted by the Director like attendance at the meetings, holding chairmanship of important Board constituted committees like Audit Committee.
 - (b) Independent meetings held with the management.
 - (c) Participation in strategic decision making, development of policies and review of business plans.
 - (d) Degree of engagement with the Board and inputs on Board and important organisation matters.
 - (e) Overview of the internal financial control system in the Company for its effective implementation.
 - (f) Awareness of latest developments in the industry & market conditions, regulatory requirements, corporate governance practices.
10. The evaluation methodology shall be reviewed annually by the Committee.

VIII. Board diversity

The Company believes that building a diverse and inclusive culture is integral to its success. A diverse Board is able to leverage different skills, qualifications, professional experiences, perspectives and backgrounds, which are necessary for achieving sustainable and balanced growth of an organisation.

The Committee shall, from time to time, identify and review the set of attributes and domain related expertise which are necessary for being appointed as Director of the Company, like, finance, technical, human resource, business management, leadership skills, etc. Based on review of the existing skill-set of the Board, the Committee shall decide on the profile of a director for inducting on the Board.

IX. Authority

The Committee shall have free access to management and management's information. The Committee, at its sole authority, may seek the advice of outside experts or consultants at the Company's expenses, wherever necessary, to discharge its duties and responsibilities.

X. Review and Amendments to the Policy

The Committee shall review the Policy annually or upon any changes required in the Policy on account of regulatory amendments and if necessitated, recommend changes to the Policy, to the Board.

XI. Disclosure

This policy shall be placed on the website of the Company i.e. www.endurancegroup.com.

===== *End of Policy* =====