



## **TALBROS ENGINEERING LIMITED**

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# **NOMINATION AND REMUNERATION** **AND BOARD DIVERSITY POLICY**

## **NOMINATION AND REMUNERATION POLICY**

Pursuant to the provisions of section 178 of Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of every listed company is required to constitute Nomination and Remuneration Committee. In order to align with the said provisions of Companies Act and Listing Agreement, the Board of Directors in their meeting held on 09<sup>th</sup> February, 2016 has amended the policy to be in line with the Listing Regulations. The committee has also been constituted with three non-executive directors as members of the committee.

### **Definitions**

**“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

**“Key Managerial Personnel”** means:

- 1) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole time Director;
- 2) Chief Financial Officer
- 3) Company Secretary
- 4) Such other officer as may be prescribed

**“Senior Managerial Personnel”** means the personnel of the Company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management, of rang equivalent to General Manager and above and all department heads.

**“Committee”** means the Nomination and remuneration Committee constituted pursuant the provisions of section 178 of Companies Act, 2013 and clause 49 of Listing Agreement.

### **Objectives and Guiding Principles**

The key objectives of the committee would be:

- a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and other Senior Managerial Personnel;
- b) To evaluate the performance of members of the Board and provide necessary report to the Board for further evaluation; and
- c) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

### **Guiding Principles**

- a) 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;
- b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

- c) Remuneration to directors, key managerial personnel and senior managerial personnel 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.

#### **Role of the Committee**

- a) To formulate a criteria for determining qualifications, positive attributes and independence of a Director
- b) Formulate criteria for evaluation of Independent Directors of the Board
- c) identify the persons who are qualified to become directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- d) To carry out evaluation of every Director's performance.
- e) To recommend to the Board the appointment and removal of Directors and Senior Management.
- f) To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Managerial Personnel.
- g) To devise a policy on Board diversity, composition and size
- h) Succession planning for replacing key executives and overseeing
- i) To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- j) To perform such other functions as may be necessary or appropriate for the performance of its duties.

#### **Constitution of Committee**

- a) The Committee has been constituted with three non executive directors, out of which two are independent Directors.
- b) The Board shall reconstitute the committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirement.
- c) Minimum 2 (Two) members shall constitute a quorum for the committee meeting.
- d) Membership of the Committee and meetings held by each member shall be disclosed in Annual Report.
- e) Terms of the Committee shall be continued unless terminated by the Board of Directors.

#### **Appointment and Removal of Director, Key Managerial Personnel and Senior Managerial Personnel**

- a) The Committee shall be responsible to identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP and other Senior Managerial Personnel and recommend his / her appointment as per Company's policy.
- b) A person recommended should possess adequate qualification, experience for the position he / she is considered for appointment. The Company has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
- c) The Company shall not appoint or continue the employment of any person as 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 in general meeting.

### **Term / Tenure**

#### *a) Managing Director / Whole-time Director*

The Company shall appoint or re-appoint any person as its Chairman, Managing Director or Executive Director for a term not exceeding 5 (five) years at a time. No re-appointment shall be made earlier than one year before the expiry of the term.

Further, the Managing Director / Whole-time Directors are subject to liable for retirement by rotation.

#### *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 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 upto 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.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number a may be prescribed under the Act.

### **Diversity on the Board of Company**

The Company aims to enhance the effectiveness of the Board by diversifying its composition and to obtain the benefit out of such diversity in better and improved decision making. In order to ensure that the Company's boardroom has appropriate balance of skills, experience and diversity of perspectives that are imperative for the execution of its business strategy, the Company shall consider a number of factors, including but not limited to skills, industry experience, background, race and gender.

The Policy shall confirm to the following two principles for achieving diversity on the Board:

- Decisions pertaining to recruitment, promotion and remuneration of the directors will be based on their performance and competence; and

- For embracing diversity and being inclusive, best practices to ensure fairness and equality shall be adopted and there shall be zero tolerance for unlawful discrimination and harassment of any sort whatsoever.

In order to ensure a balanced composition of executive, non-executive and independent directors on the Board, the Company shall consider candidates from a wide variety of backgrounds, without discrimination, and based on the following factors:

**Gender-** The Company shall not discriminate on the basis of gender in the matter of appointment of directors on the Board. The Company encourages the appointment of women at senior executive levels to achieve a balanced representation on the Board. As per the provisions of the Companies Act, 2013, the Company shall at all times have at least one woman director on the Board. Any vacancy of the woman director shall be filled within a period of six months.

**Ethnicity** - The Company shall promote having a boardroom comprising of people from all ethnic backgrounds so that the directors may efficiently contribute their thorough knowledge, sources and understanding for the benefit of Company's business;

**Physical disability** - The Company shall not discriminate on the basis of any immaterial physical disability of a candidate for appointment on the Company's Board, if he/she is able to efficiently discharge the assigned duties.

**Educational qualification-** The Directors of the Company shall have a mix of finance, engineering, legal and management background, so that they collectively provide the Company with considerable experience in a range of activities including varied industries, education, policy and investment.

### **Evaluation**

The Committee shall carry out evaluation of performance of Directors, KMPs and other senior managerial personnel yearly or at such intervals as may be considered necessary.

### **Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013 and rules made there under, the Committee may recommend with reasons in writing, removal of a Director, KMP or senior managerial personnel subject to the provisions and compliance of the Act, rules and regulations and the policy of the company.

### **Retirement**

The Directors, KMPs and Senior Managerial Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

### **Remuneration to Directors / KMP / Senior Managerial Personnel**

*a) Remuneration to Managing Director / Whole-time Director*

The Remuneration / Compensation / Commission to Managing Director / Whole-time Director will be determined by the Committee and recommended to the Board for approval. The remuneration, so approved shall be subject to the prior/post approval of shareholders of the Company and Central Government, wherever required.

The remuneration and commission to be paid to Managerial Personnel shall be as per the provisions of Companies Act, 2013 and the rules made there under for time being in force.

*b) Remuneration to Non-Executive / Independent Director*

The Non-Executive / Independent Directors are entitled to received sitting fees and such other remuneration as may be permissible under the Companies Act, 2013. The amount to be paid as sitting fees shall be considered by the Nomination and Remuneration Committee and recommended to the Board for their approval.

The remuneration to be paid to all non-executive / independent directors (except sitting fees) shall be subject to the ceiling limits as prescribed under Companies Act, 2013 and rules made there under. Such amount shall also be considered by the Committee and recommended to the Board of Directors.

An independent Director shall not be eligible to get stock options and also shall not be eligible to participate in any share based payment schemes of the Company.

Any remuneration paid to Non-Executive/Independent Directors for services rendered which are professional in nature shall not be considered as part of managerial remuneration if the following conditions are satisfied:

- The services rendered by such director in capacity as the professional; and
- In the opinion of the Committee, the director possesses the requisite qualification for the practice of profession.

*c) Remuneration to Key Managerial personnel and Senior Management*

The remuneration to Key Managerial Personnel and Senior Management shall be paid a fixed remuneration as fixed by the Board of Directors on recommendation of Committee in accordance with the provisions of Companies Act, 2013 and rules made there under.

The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes etc. as may be decided from time to time.

The incentive pay shall be decided based on the balance between the performance of the Company and performance of Key Managerial Personnel and Senior Management, to be decided annually or at such intervals a may be considered appropriate.

**Minutes of the Meeting**

The proceedings of each meeting must be minutised and signed by the Chairman of the said meeting or the chairman of the next succeeding meeting. Minutes of the committee meeting will be tabled at the subsequent Board or Committee meeting.

### **Deviations from this policy**

The deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

### **Implementation**

The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.

The Committee may delegate any of its powers to one or more of its members.