

NOMINATION & REMUNERATION POLICY

1 INTRODUCTION

In terms of Section 178 of the Companies Act, 2013, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, this policy on Nomination and Remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company has been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors. This policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

2 OBJECTIVE

The policy is framed with the objective(s): —

- To lay down criteria for appointment and removal of Directors, Key Managerial Personnel and Senior Management Personnel.
- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-executive) and persons who may be appointed in Senior Management, Key Managerial positions and to determine their remuneration.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel and to provide for reward(s) linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the industry.
- That the remuneration to Directors, Key Managerial Personnel (KMP), and other employees of the Company 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.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

In this context, the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors.

3 EFFECTIVE DATE

This policy shall be effective from the date of its adoption by the Board. **NOMINATION & REMUNERATION POLICY**

4 DEFINITIONS

- a) **“Act”** means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
- b) **“Board of Directors”** or **“Board”**, in relation to the Company, means the collective body of the directors of the Company.
- c) **“Committee”** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- d) **“Company”** means “Innocorp Limited”.
- e) **“Independent Director”** means a director referred to in Section 149(6) of the Companies Act, 2013 and the rules made thereunder.
- f) **“Key Managerial Personnel”** means - Chief Executive Officer or the Managing Director or the Manager; - Whole-time director; - Chief Financial Officer; - Company Secretary; and - Such other officer as may be prescribed.
- g) **“LODR Regulations”** shall means SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.
- h) **“Non-Executive Directors”** includes Independent Directors.
- i) **“Policy”** means Nomination and Remuneration policy.
- j) **“Senior Management Personnel”** for this purpose shall mean personnel of the Company who are members of its core management team excluding Board of Directors. It would comprise all members of management one level below the executive director(s), including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

5 APPLICABILITY

This Policy is applicable to:

- i) Directors, including Non- Executive Directors;
- ii) Key Managerial Personnel; and
- iii) Senior Management Personnel.

NOMINATION & REMUNERATION POLICY 6 NOMINATION AND REMUNERATION COMMITTEE

6.1 Committee Members:

The Nomination and Remuneration Committee comprises of the following Directors:

Sl. No.	Name	Category	Designation
1.	Neralla Seshagiri Rao	Non-Executive Independent Director	Chairman
2.	Alapati Venkata Narasimha Rao	Non-Executive Independent Director	Member
3.	Naga Mohan Babu Mangalapurapu	Non-Executive Independent Director	Member

Term of the Committee shall be continuous unless terminated by the Board of Directors.

6.2 Chairman:

- a) Chairman of the Committee shall be an Independent Director.
- b) Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Committee but shall not be the Chairman of the Committee.
- c) Chairman of the Nomination and Remuneration Committee meeting shall be present at the Annual General Meeting or may nominate some other member to answer the shareholders queries.

6.3 Frequency of Meetings:

The meeting of the Committee shall be held at such regular intervals as may be required.

6.4 Committee Members Interests

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

6.5 Secretary

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

6.6 Quorum

The quorum necessary for transacting business at a meeting of the Committee shall be two members or one-third of the members of the Nomination and Remuneration Committee; whichever is greater.

6.7 Voting

- a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of members present. Any such decision shall for all purposes be deemed a decision of the Committee.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

6.8 Responsibility of the Committee

the Committee is responsible for:

- (i) formulating criteria for determining qualifications, positive attributes and independence of a Director for the purpose of this Policy;
- (ii) advising the Board on issues concerning principles for remuneration and other terms of employment including remuneration for the Directors (including Non-Executive Directors), KMPs and the Senior Management;
- (iii) monitoring and evaluating programs for variable remuneration, both on-going and those that have ended during the year, for the Directors (including Non-Executive Directors), KMPs and the Senior Management;
- (iv) monitoring and evaluating the application of this Policy;
- (v) monitoring and evaluating current remuneration structures and levels in the Company; and
- (vi) any other responsibility as determined by the Board.

7 APPOINTMENT OF DIRECTORS, KMP OR SENIOR MANAGEMENT PERSONNEL

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as a Director, KMP and/or Senior Management Personnel.
- b) A person should possess adequate qualifications, 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) Appointment of Directors, KMPs and Senior Management Personnel is subject to compliance of provisions of the Companies Act, 2013.
- d) The appointment of a Director or a KMP, as recommended by the Nomination and Remuneration Committee further requires the approval of the Board.

8 REMUNERATION

a) Remuneration to Executive Directors, Directors other than Executive Director:

- i) The remuneration/ compensation/ commission etc. to Directors will be determined by the Committee and recommended to the Board for approval. The remuneration/ compensation/

commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

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

iii) Increments to the existing remuneration/ compensation structure of Directors shall be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Directors.

iv) Where any insurance is taken by the Company on behalf of its Directors 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. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

Remuneration to Executive Director

Fixed pay:

- Executive Director(s) shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
- The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

Variable components:

- The Executive Director(s) may be paid performance linked commission within the overall limits as approved by the shareholders.

Remuneration to Directors other than Executive Director:

Sitting Fees:

- The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof.
- Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

b) Remuneration to KMP and Senior Management Personnel:

- I. The remuneration payable to KMP and Senior Management Personnel including their increments will be determined by the Managing Director and recommend to the Nomination and Remuneration Committee for approval.
- II. Where any insurance is taken by the Company on behalf of its KMP and Senior Management Personnel 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. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

Remuneration:

(i) Fixed pay:

- KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.
- The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Committee.

(ii) Variable components:

- Based on the performance KMP and Senior Management Personnel will be paid incentives.

9 POLICY ON BOARD DIVERSITY

- a. The Board of Directors shall have the optimum combination of Directors from the different areas/ fields like [production, management, quality assurance, finance, sales and marketing, research and development, Human Resources etc.,] or as may be considered appropriate.
- b. The Board shall have at least one Board member who has accounting or related financial management expertise.

10 REMOVAL

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Director(s), KMP(s) and Senior Management subject to the provisions and compliance of the applicable Act, rules and regulations, if any.

11 DEVIATION FROM THE POLICY

The Board may, in individual or collective case, deviate from this Policy, in its absolute discretion, if there are particular reasons to do so. In the event of any departure from the Policy, the Board shall record the reasons for such departure in the Board's minutes.

12 AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc. *****