



# NOMINATION AND REMUNERATION POLICY

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## L&T TECHNOLOGY SERVICES LIMITED

**Record of Release**

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1.0	Ankita Gawankar	Sachin Dewasthalee	Board of Directors	October 28, 2015	
1.1	Ankita Gawankar	Kapil Bhalla	Board of Directors	October 25, 2018	
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1.3	Shalaka Koparkar	Prajakta Powle	Board of Directors	March 10, 2023	
1.4	Ankita Gawankar	Prasad Shanbhag	Board of Directors	January 15, 2024	



The Board of Directors of L&T Technology Services Limited (“the Company”) had constituted the “Nomination and Remuneration Committee” which is in compliance with the requirements of the Companies Act, 2013 (“the Act”) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”).

### 1. OBJECTIVE:

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Act read along with the applicable rules thereto and Regulation 19 of LODR. The Key Objectives of the Committee would be:

- ❖ To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its Committees and individual directors to be carried out by the Board or the Nomination & Remuneration Committee or by an Independent External Agency and review its implementation and compliance;
- ❖ To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- ❖ To ensure that level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- ❖ Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- ❖ 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; and
- ❖ Devising a policy on Board diversity.

### 2. DEFINITIONS:

- 2.1. Act means the Companies Act, 2013 or Companies Act, 1956 as may be applicable and Rules framed thereunder, as amended from time to time.



**2.2. Board** means Board of Directors of the Company.

**2.3. Directors** mean Directors of the Company.

**2.4. Executive Directors** means the Executive Chairman if any, Chief Executive Officer and Managing Director, Deputy Managing Director, if any and Whole-Time Directors.

**2.5. Key Managerial Personnel (“KMP”)** means

- Chief Executive Officer or the Managing Director or the Manager;
- Whole-Time Director;
- Chief Financial Officer;
- Company Secretary;
- Senior Management Personnel designated as such by the Board; and
- Such other officer as may be prescribed.

**2.6. Senior Management** shall mean the officers and personnel of the Company 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 persons identified and designated as key managerial personnel, other than Board of Directors, by the Company.

### **3. ROLE OF COMMITTEE:**

**3.1. Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee**

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Directors and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this Policy.
- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.



### 3.2. Policy for appointment and removal of Director, KMP and Senior Management

#### 3.2.1. Appointment criteria and qualifications

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director and recommend to the Board his / her appointment.

Appointment and Remuneration of KMP or Senior Management Personnel is in accordance with the HR Policy of the Company. The Company's policy is committed to acquire, develop and retain a pool of high calibre talent, establish systems and practises for maintaining transparency, fairness and equity and provides for payment of competitive pay packages matching industry standards.

- 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 is sufficient/satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Director who has attained the retirement age fixed by the Board/NRC or as approved by the shareholders pursuant to the requirement of the Act/LODR.

#### 3.2.2. Term/Tenure

**a) Executive Directors:**

The Company shall appoint or re-appoint any person as its 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. The rationale for such re-appointment shall also be provided in the notice to shareholders proposing such re-appointment.
- 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.

- At the time of appointment or re-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 as may be prescribed under the Act/LODR.

**c) Maximum Number of Directorships:**

A person shall hold maximum directorship as prescribed under LODR, as amended from time to time.

**3.2.3. Evaluation**

The Committee shall by itself or through the Board or an independent external agency carry out evaluation of performance of the Board/Committee(s), Individual Directors and Chairman at regular interval (yearly) and review implementation and compliance.

The Company may disclose in the Annual Report:

- a. Observation of the Board Evaluation for the year under review
- b. Previous years observations and actions taken
- c. Proposed actions based on current year's observations

**3.2.4. Removal**

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

**3.2.5. Retirement**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act or the prevailing policy of the Company, as applicable. The Board / Committee 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.

**3.3. Policy relating to the Remuneration for the Executive Director, KMP and Senior Management Personnel**

**3.3.1. General:**



- a) The remuneration / compensation / commission etc. to the Executive Directors will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the approval of the shareholders of the Company and Central Government, wherever required.
- b) The remuneration and commission to be paid to the Executive Directors shall be in accordance with the percentage / limits / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.
- c) Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the shareholders in the case of Executive Directors.
- d) Where any insurance is taken by the Company on behalf of its Executive Directors, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees 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.
- e) Remuneration of other KMP or Senior Management Personnel, in any form, shall be as per the policy of the Company based on the grade structure in the Company.

### 3.3.2. Remuneration to Executive Directors / KMP and Senior Management Personnel:

a) **Fixed pay:**

The Executive Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee or policy of the Company. In case of remuneration to Directors, the breakup 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 / the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

b) **Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive Directors in accordance with the provisions of Schedule V



of the Act and if it is not able to comply with such provisions, with the previous approval of shareholders and other appropriate authorities.

**c) Provisions for excess remuneration:**

If any Chairman / Managing Director / Whole-Time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without approval, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless approved by the shareholders of the Company by passing a special resolution within 2 years from the date of sum becoming refundable.

**d) Stock Options in Subsidiary Companies:**

Executive Directors may be granted stock options in subsidiary companies as per their Schemes and after taking necessary approvals. Perquisites may be added to the remuneration of concerned directors and considered in the limits applicable to the Company.

**3.3.3. Remuneration to Non-Executive/Independent Director:**

**a) Remuneration / Commission:**

The remuneration / commission shall be fixed as per the limits and conditions mentioned in the Articles of Association of the Company and the Act.

**b) 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 Rupees One Lac per meeting of the Board or Committee.

**c) Commission:**

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration / commission to its Independent Director and Non-Executive Directors in accordance with the provisions of Schedule V of the Act, as amended from time to time. The Board of Directors will fix the Commission payable to Directors on the basis of number of Board/Committee meetings attended during the year and Chairmanships of Committees.





d) **Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company. Non-Executive Directors are eligible for Stock options in accordance with Schemes formulated by the Company. Nominee Directors are not entitled to stock options as per their respective nomination letters received by the Company.

#### **4. MEMBERSHIP**

4.1 The Committee shall consist of three or more non-executive directors, two-thirds of them shall be independent directors.

4.2 Minimum two (2) members or one-third of the members whichever is greater, including atleast one Independent Director shall constitute a quorum for the Committee meeting.

4.3 Membership of the Committee shall be disclosed in the Annual Report.

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

#### **5. CHAIRPERSON**

5.1 Chairperson of the Committee shall be an Independent Director.

5.2 Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairperson of the Committee.

5.3 In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

5.4 Chairperson of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to attend and to answer the shareholders' queries.

#### **6. FREQUENCY OF MEETINGS**

The meeting of the Committee shall be held at least once in a financial year and such regular intervals as may be required.

#### **7. COMMITTEE MEMBERS' INTERESTS**

7.1 A member of the Committee is not entitled to be present / participate in discussion when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

7.2 The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.



## 8. SECRETARY

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

## 9. VOTING

Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

## 10. NOMINATION DUTIES

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

**10.1** 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;

**10.2** Determining the appropriate size, diversity and composition of the Board;

**10.3** Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;

**10.4** Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;

**10.5** Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;

**10.6** Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;

**10.7** Delegating any of its powers to one or more of its members or the Secretary of the Committee;

**10.8** Recommend any necessary changes to the Board; and

**10.9** Considering any other matters, as may be requested by the Board.



## 11. REMUNERATION DUTIES

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

**11.1** To consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract, retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.

**11.2** To ensure the remuneration maintains a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company.

**11.3** To delegate any of its powers to one or more of its members or the Secretary of the Committee.

**11.4** To consider any other matters as may be requested by the Board.

**11.5** To review professional indemnity and liability insurance for Directors and Officers.

## 12. MINUTES OF NOMINATION AND REMUNERATION COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

## 13. REVIEW & AMENDMENT

The Policy shall be reviewed as and when required to ensure that it meets the objectives of the relevant legislation and remains effective. Any subsequent statutory amendments / modifications or re-enactments thereof, provided under the Act or LODR or other applicable laws, shall automatically be effective and binding, and the relevant provision(s) of this Policy shall be deemed to be modified and / or amended to that extent, even if not incorporated in this Policy.

For administrative convenience, any change in the Policy due to statutory amendments shall be made by the Company Secretary in consultation with 'Chief Executive Officer & Managing Director' or 'Chief Financial Officer'. Apart from the same, any material change that substantially impacts the implementation of the existing Policy shall be approved by the Committee and notified to the Board.