



**GMR VISAKHAPATNAM  
INTERNATIONALAIRPORT LIMITED**

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**BOARD POLICY ON  
"NOMINATION AND REMUNERATION"**

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## BOARD POLICY ON "NOMINATION & REMUNERATION"

### 1. STATUTORY PROVISIONS

As per the provisions of Section 178(1) of the Companies Act, 2013, the Board of Directors of every listed company and the Companies belonging to the following class/classes, shall constitute the Nomination & Remuneration Committee consisting of three or more Non-executive Directors out of which not less than one-half shall be Independent Directors.

Provided that the Chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.

(2) The Nomination and Remuneration Committee shall 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 either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

(3) The Nomination and Remuneration Committee shall 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.

(4) The Nomination and Remuneration Committee shall, while formulating the policy under sub-section (3) ensure that:

- (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 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:

**Provided that** such policy shall be placed on the website of the company, if any, and the salient features of the policy and changes therein, if any, along with the web address of the policy, if any, shall be disclosed in the Board's report.

**The Policy shall come into effect from the date of approval by the Board of Directors of GMR Visakhapatnam International Airport Limited.**

#### 1.1. PURPOSE OF THE POLICY

The Key Objectives of the Committee includes:

- (a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- (b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- (c) To recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and Senior Management.

The Policy ensures that:

- (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 benchmark; and
- (c) 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.

## 1.2. DEFINITIONS

- 1.2.1. **“Board”** means the Board of Directors of the Company.
- 1.2.2. **“Company”** means “GMR Visakhapatnam International Airport Limited.”
- 1.2.3. **“Employees’ Stock Option”** means the option given to the Directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.
- 1.2.4. **“Independent Director”** means a director referred to in Section 149 (6) of the Companies Act, 2013.
- 1.2.5. **“Key Managerial Personnel”** or **“KMP”** means Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and the Rules made thereunder.

(As per Section 203 of the Companies Act, 2013, the following are whole-time Key Managerial Personnel):

- (1) Managing Director or Chief Executive Officer or the Manager and in their absence a whole-time Director;
  - (2) Chief Financial Officer; and
  - (3) Company Secretary
- 1.2.6. **“Managerial Personnel”** shall mean Managing Director/Whole-time Director/Manager.

- 1.2.7. **“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.
- 1.2.8. **“Policy or This Policy”** means, “Nomination and Remuneration Policy.”
- 1.2.9. **“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.
- 1.2.10. **“Senior Management”** means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the Executive Directors and shall specifically include the Chief Financial Officer and the Company Secretary.

### **1.3. INTERPRETATION**

Words and expressions used in this Policy shall have the same meanings respectively assigned to them in the Companies Act, 2013 or the rules framed thereon.

## **2. NOMINATION AND REMUNERATION COMMITTEE**

### **2.1. Role of the Committee**

- (a) Identifying 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 carry out evaluation of every Director’s performance.
- (b) Formulating 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.
- (c) Formulating the criteria for evaluation of Independent Directors and the Board;
- (d) Devising a policy on Board Diversity;
- (e) Ensuring that the Board comprises of a balanced combination of Executive Directors (when required) and Non-Executive Directors;
- (f) All information about the Directors/Managing Directors/Whole time Directors/Key Managerial Personnel i.e., background details, past remuneration, recognition or awards, job profile shall be considered and disclosed to shareholders, wherever required;
- (g) The Committee shall take into consideration and ensure the compliance of provisions under Schedule V of the Companies Act, 2013 for appointing and fixing remuneration of Managing

Directors/Whole-time Directors;

- (h) While approving the remuneration, the Committee shall take into account financial position of the Company, trend in the industry, qualification, experience and past performance of the appointee;
- (i) The Committee shall be in a position to bring about objectivity in determining the remuneration package while striking the balance between the interest of the Company and the shareholders;
- (j) Recommend to the Board, all remuneration, in whatever form, payable to senior management.

## **2.2. Composition of the Committee**

- (a) The Committee shall comprise of three or more Non-executive Directors out of which not less than one-half shall be 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 two (2) members or one-third of the members of the Committee whichever is higher shall constitute a quorum for the Committee meeting.
- (d) Membership of the Committee shall be disclosed in the Annual Report.
- (e) Term of the Committee shall be continued unless terminated by the Board of Directors.

## **2.3. Chairman of the Committee**

- (a) Chairman of the Committee shall be as decided by the Board.
- (b) Chairman of the Company may be appointed as a member of the Committee but shall not Chair the Committee.
- (c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- (d) Chairman of the Nomination and Remuneration Committee could be present at the Annual General Meeting or may nominate any other person to answer the shareholders' queries.

## **2.4. Frequency of the Meetings of the Committee**

The meeting of the Committee shall be held at such intervals as may be required by the business of the Company.

## **2.5. Committee Member's Interest**

- (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.

## **2.6. Voting at the Meeting**

- (a) 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.
- (b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## **2.7. Minutes of the Meeting**

Proceedings of all meetings must be minuted 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 and Committee meeting.

## **3. APPLICABILITY**

This Policy is Applicable to:

- (a) Directors (Executive, Non-Executive and Independent)
- (b) Key Managerial Personnel
- (c) Senior Management personnel
- (d) Other employees, if any, as may be decided by the Nomination and Remuneration Committee

## **4. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL.**

### **4.1. Appointment Criteria and Qualifications**

- (a) Subject to the applicable provisions of the Companies Act, 2013, other applicable laws, if any and GMR Group HR Policy, the Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/her appointment.
- (b) The Committee has discretion to decide the adequacy of qualification, expertise and experience for the concerned position.

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

Further, the appointment and/or continuance of the directorship of any person as a non-executive director who has attained the age of seventy-five years can be done only if a special resolution is passed with suitable justification in explanatory statement.

## **4.2. Term/Tenure**

### **4.2.1. Managing Director/Whole-time Director/Manager**

The Company shall appoint or re-appoint any person as its Managerial Personnel 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.

### **4.2.2. Independent Director**

(a) 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.

(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.

(c) The maximum number of public companies in which a person can be appointed as a Director shall not exceed ten.

For reckoning the limit of public companies in which a person can be appointed as director, directorship in private companies that are either holding or subsidiary company of a public company shall be included.

## **4.3. Familiarization Programme for Independent Directors**

The company shall familiarize the Independent Directors with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., through various programmes.

## **4.4. Evaluation**

Subject to Schedule IV of the Companies Act, 2013, the Committee shall carry out the evaluation of Directors periodically.

## **4.5. Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable laws, rules and



regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP, subject to the provisions and compliance of the applicable laws, rules and regulations.

**4.6. Retirement**

The Director, KMP and Personnel of Senior Management 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, Personnel of Senior Management in the same position/remuneration or otherwise even after attaining the retirement age, in the interest and for the benefit of the Company.

**5. PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSONNEL, KMP AND SENIOR MANAGEMENT PERSONNEL.**

**5.1. General**

- (a) The remuneration/compensation/commission etc. to Managerial Personnel 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 Managerial Personnel shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
- (c) Increments to the existing remuneration/compensation structure of Managerial Personnel may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Personnel.
- (d) Where any insurance is taken by a company on behalf of its Managing Director, Whole-time Director, Manager, Chief Executive Officer, Chief Financial Officer or Company Secretary 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.

**5.2. Remuneration to Managerial Personnel, KMP, Senior Management and Other Employees.**

**5.2.1. Fixed Pay**

Managerial Personnel 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 provident fund, 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.

**5.2.2. Minimum Remuneration**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

**5.2.3. Provisions for excess remuneration**

If any Managerial Personnel draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, 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 permitted by the Central Government.

5.2.4. The remuneration to KMPs and Personnel of Senior Management shall be governed by the GMR Group HR Policy.

5.2.5. The remuneration to other employees shall be governed by the GMR Group HR Policy.

**5.3. Remuneration to Non-Executive/Independent Director**

**5.3.1. Remuneration/Commission**

The remuneration/commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

**5.3.2. 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.

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

**5.3.3. Limit of Remuneration/Commission**

Remuneration/Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

**5.3.4. Stock Option**

An Independent Director shall not be entitled to any stock option of the Company.

**6. DISCLOSURES**

The Company shall disclose the Policy on Nomination and Remuneration on its website (if any) and the web-link shall be provided in the Annual Report.

**7. AMENDMENT**

Any amendment or modification in the Companies Act, 2013 and rules thereto and any other applicable regulation relating to Nomination and Remuneration Committee shall automatically be applicable to the Company.

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