

NOMINATION AND REMUNERATION POLICY

Pursuant to Section 178 (3) of the Companies Act, 2013 and Regulation 19 read along with Part D of Schedule II of the SEBI Listing Regulations



1. PREAMBLE

Tata Technologies Limited (the “**Company**”) has formulated this Nomination and Remuneration Policy (“**Policy**”) to provide a framework for remuneration of members of the board of directors (the “**Board**”) of the Company, key managerial personnel, and other employees of the Company.

The philosophy for remuneration of directors of the Company, Key Managerial Personnel (“**KMP**”) and all other employees of the Company is based on the commitment of fostering a culture of leadership with trust. The Policy is aligned to this philosophy.

This Policy is guided by the principles and objectives as enumerated in Section 178 (3) of the Companies Act, 2013 and the rules made thereunder, each as amended (the “**Act**”) and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**SEBI Listing Regulations**”), to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company.

In case of any inconsistency between the provisions of law and the Policy, the provisions of the law shall prevail and the Company shall abide by the applicable law.

While formulating this policy, the Nomination and Remuneration Committee (“**NRC**”) has considered the factors laid down under Section 178(4) of the Act, which are as under:

- “(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”

2. REMUNERATION OF NON-EXECUTIVE AND INDEPENDENT DIRECTORS

- 2.1. Non-Executive and Independent Directors (“**NEDs**”) will be paid remuneration by way of sitting fees and commission. The remuneration / commission / compensation to the NEDs will be determined by the NRC and recommended to the Board for its approval. The NRC will determine commission based on Company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board and will recommend to the Board, the quantum of commission for each director based upon the outcome of the evaluation process which is driven by various factors including

attendance and time spent on the Board and committee meetings, individual contributions at the meetings and contributions made by directors other than in meetings.

- 2.2. Overall remuneration (sitting fees and commission) shall be reasonable and sufficient to attract, retain and motivate directors aligned to the requirements of the Company (taking into consideration its future growth imperatives and the challenges faced by the Company).
- 2.3. The commission will be paid to the NEDs in accordance with the Act and as approved by the shareholders from time to time. The commission to be paid will be restricted to a fixed sum within the above limit annually on the basis of their tenor in office during the financial year.
- 2.4. The sitting fee payable to the NEDs for attending the Board and NRC meetings shall be subject to statutory ceiling. The fee will be reviewed periodically and aligned to comparable best in class companies.
- 2.5. Independent Directors will not be eligible to receive stock options under the employee stock option scheme(s) (“**ESOP**”) of the Company, unless otherwise permitted by applicable regulations.
- 2.6. In addition to the sitting fees and commission, the Company may pay to any director such fair and reasonable expenditure, as may have been incurred by the director while performing his/her role as a director of the Company. This could include reasonable expenditure incurred by the director for attending Board / Board committee meetings, general meetings, court convened meetings, meetings with shareholders / creditors / management, site visits, induction, and training (organized by the Company for directors) and in obtaining professional advice from independent advisors in the furtherance of his/her duties as a director.
- 2.7. The remuneration payable to the Directors for services rendered in other capacity shall be inclusive of any remuneration payable for services rendered by such director in any other capacity, unless:
 - a) The services rendered are of a professional nature; and
 - b) The NRC is of the opinion that the director possesses requisite qualification for the practice of the profession.
- 2.8. The remuneration payable by the Company to NEDs shall be subject to the conditions specified in the Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

3 REMUNERATION OF EXECUTIVE DIRECTOR / KEY MANAGERIAL PERSONNEL / OTHER EMPLOYEES

The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be:

- Market competitive (market for every role is defined as companies from which the Company attracts talent or companies to which the Company loses talent)
- Driven by the role played by the individual,
- Reflective of size of the Company, complexity of the sector/industry/Company's operations and the Company's capacity to pay,
- Consistent with recognized best practices and
- Aligned to any regulatory requirements.

3.1 The compensation paid to the executive directors (including managing director) will be within the scale approved by the shareholders. The elements of the total compensation, approved by the NRC will be within the overall limits specified under the Act. The remuneration payable by the Company to the executive directors shall be subject to the conditions specified in the Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

3.2 The Company's total compensation for KMP as defined under the Act / other employees will consist of:

- fixed compensation in line with the skills, experience and performance;
- variable compensation, including performance based incentive;
- benefits including retirement, insurance, and medical coverage; and
- work-related facilities and perquisites in line with policies issued from time to time.

3.3 In addition, select senior executives including the executive directors (including managing director) but excluding promoter director, will be eligible for long-term incentive plan in the form of ESOPs, as per the ESOP scheme in force from time to time. Grants under the ESOP scheme will be approved by the NRC.

3.4 In addition to the basic/ fixed salary, benefits, perquisites, and allowances as provided above, the Company may provide executive directors (including managing director) such remuneration by way of commission, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board, subject to the overall ceilings stipulated in Section 197 of the Act. The specific amount payable to the executive directors (including managing director) would be based on performance as evaluated by the Board or the NRC and approved by the Board. In case of inadequacy of profit in any financial year, the remuneration payable to the executive director shall be further subject to the relevant provisions of the Act.

3.5 The NRC will determine the annual variable pay compensation in the form of annual incentive and annual increment for the executive director subject to the achievement of certain performance criteria and such other parameters as may be considered appropriate from time

to time by the Board, such as Company's and individual's performance against the pre-agreed objectives for the year.

3.6 A formal annual performance management process will be applicable to all employees, including senior executives. Performance linked bonus /incentive and annual increases in fixed and variable compensation of individual executives will be linked to the performance assessment of individual employee and the Company's performance.

3.7 Executive directors will not be paid sitting fees for any Board / committee meetings attended by them.

4 COMMITTEE MEMBERS INTEREST

4.1 A member of the NRC is not entitled to participate in the discussions when his/her own remuneration is discussed at a meeting or when his/her performance is being evaluated.

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

5 ADOPTION, CHANGES AND DISCLOSURE OF INFORMATION

5.1 This Policy and any changes thereof will be approved by the Board based on the recommendation(s) of the NRC.

5.2 This Policy may be reviewed at such intervals as the Board or NRC may deem necessary.

5.3 Such disclosures of this Policy as may be required under the Act and SEBI Listing Regulations may be made.

6 DISSEMINATION OF POLICY

This Policy shall also be posted on the website of the Company and the details of this Policy, including the evaluation criteria, shall be mentioned in the Annual Report of the Company.

For more information about
Tata Technologies and what we
can do to help create better
products for your customers,
visit: www.tatatechnologies.com

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