



## **NOMINATION AND REMUNERATION POLICY**

[Pursuant to Section 178 of the Companies Act, 2013 and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

**Approved by**

Nomination and Remuneration Committee and  
Board of Directors

Dated 28<sup>th</sup> August, 2022

**WAPCOS LIMITED**

CIN: U74899DL1969GOI005070

**Registered Office :** 5th Floor Kailash 26, Kasturba Gandhi Marg, New Delhi – 110001, India

**Corporate Office:** 76-C, Institutional Area, Sector-18, Gurgaon, Haryana-122015



## WAPCOS LIMITED

### NOMINATION AND REMUNERATION POLICY

#### 1. INTRODUCTION

WAPCOS Limited (the “Company” or “WAPCOS”) has formulated this policy to provide a framework for remuneration of members of the Board of Directors of the Company (the “Board”), Key Managerial Personnel, and other employees of the Company (this “Policy”).

The Company’s Board has constituted a Nomination and Remuneration Committee (the “Committee”). The Company, taking forward its compliance with the regulatory requirements has formulated this Policy. This Policy is guided by the principles and objectives as enumerated in Section 178 of the Act (*as defined below*) 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 LODR Regulations”). The above statutory provisions are reproduced in Annexure I.

The Policy has been formulated by the Company and the same was recommended for approval of the Board. The Board has approved the Policy in its meeting held on 28<sup>th</sup> August, 2022. The Policy shall be effective from the date of approval by the Board, unless specified otherwise.

#### 2. OBJECTIVES

- 3.1 To ensure an effective process for identifying persons through a promotion policy, who are qualified to become directors and who may be appointed in Senior Management (*defined below*) in accordance with the criteria laid down and to recommend to the Board appointment of Senior Management based on the criteria fixed in this regard;
- 3.2 To recommend to the Board a policy, based on the Department of Public Enterprises (“DPE”) guidelines and approval received from the Government of India (“GOI”) in this regard, relating to the remuneration for the Senior Management and other employees;
- 3.3 In the case of whole-time directors, to formulate broad criteria for determining qualifications, positive attributes etc., required and inform GOI about the same;
- 3.4 In the case of Independent Directors, to formulate broad criteria for determining qualifications, positive attributes and independence of a director based on the provisions of the Act and inform GOI about the same. The remuneration to Independent Directors is paid by way of sitting fee for attending Board of Directors meeting and Committee meetings thereof. The sitting fee is being paid to Independent Directors within the ceiling limit prescribed under Section 197 (5) read with Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.





3. **DEFINITIONS**

- 4.1 “**Act**” means the Companies Act, 2013 and rules framed thereunder, as amended from time to time.
- 4.2 “**Board**” means the Board of Directors of the Company.
- 4.3 “**Committee**” means the Nomination and Remuneration Committee.
- 4.4 “**Company**” means WAPCOS Limited.
- 4.5 “**Directors**” mean members of the Board.
- 4.6 “**Independent Directors**” means a director referred to in Section 149(6) of the Act, Regulation 16(b) of SEBI LODR Regulations and other provisions of applicable law, as amended from time to time.
- 4.7 “**Key Managerial Personnel**” or “**KMP**” means;
- (i) The Chief Executive Officer or the Managing Director or the Manager;
  - (ii) The Whole-time Director;
  - (iii) The Chief Financial Officer;
  - (iv) The Company Secretary; and
  - (v) Such other officer as may be prescribed.
- 4.8 “**Officers**” or “**Executive**” mean the permanent employees of the Company in Executive category and as specified by the Board for this Policy.
- 4.9 “**Other employees**” mean all the employees other than the Directors, KMPs, the Senior Management Personnel, Officers or Executives.
- 4.10 “**Senior Management**” mean personnel of the Company who are members of its core management team excluding the Board comprising all members of management at one level below the whole-time directors, including the functional heads in the existing grade of the Company.

4. **COMMITTEE**

- 5.0. The Board shall determine the membership of the Committee;
- 5.1. The Committee shall comprise of at least three non-executive directors, of which not less than two-thirds shall be independent directors;
- 5.2. The Company Secretary of the Company shall act as secretary to the Committee;
- 5.3. Terms of reference of the Committee shall be continued unless terminated by the Board;
- 5.4. The Chairperson of the Committee shall be an Independent Director;





- 5.5. Chairperson of the Company may be appointed as a member of the Committee but shall not chair such Committee;
- 5.6. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson other than chairperson of the Company;
- 5.7. Chairperson of the Committee meeting may be present at the annual general meeting of the Company or may nominate some other member to answer the share holders queries;
- 5.8. The Committee shall meet at least once in a year and at such regular intervals as may be required;
- 5.9. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.
- 5.10. The quorum for a meeting of the Committee shall be either two members or one third of the members of the Committee, whichever is greater, including at least one independent director in attendance.

5. **ROLES AND RESPONSIBILITIES OF THE COMMITTEE:**

- 6.1 Decide on the annual bonus/ performance pay/ variable pay pool and policy for its distribution across the executives of the Company;
- 6.2 Formulation and modification of schemes for providing perks and allowances for officers;
- 6.3 Any new scheme of compensation like medical scheme, pension etc. to Officers and Other employees, as the case maybe;
- 6.4 Exercising such other roles assigned to it by the provisions of SEBI LODR Regulations and any other laws and their amendments from time to time.

6. **CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES AND INDEPENDENCE OF DIRECTORS:**

- 7.1 The Chairman and Managing Director, Director (Commercial) and Director (Finance) is appointed by the Administrative Ministry i.e. Ministry of Jal Shakti (Department of Water Resources, River Development and Ganga Rejuvenation) ("MoJS"). The GoI has its own process and procedures and the aforesaid directors are appointed in accordance with that only.
- 7.2 Criteria for selection of Independent Directors to be intimated to GOI/ MoJS to be adopted at the time of appointment of Non-Official Part Time Director (Independent Directors) will be as per Section 149 (6) of the Act with such exceptions and amendments from time to time.
  - 7.2.1 Every Independent Director shall at the first meeting of the Board in which he/she participates as a director and thereafter at the first meeting of the Board in every





financial year or whenever there is any change in the circumstances which may affect his/her status as an independent director, give a declaration that he/she meets the criteria of independence director as provided in sub-section (6) of Section 149 of the Act.

7.2.2 The term of appointment of Independent Directors shall be determined by the GOI as WAPCOS is a government company. Any suggestion in this regard from the Committee will be reviewed by the Board and intimated to the GOI.

7.2.3 The Independent Directors shall follow Schedule IV of Act with regard to the guidelines of professional conduct, role and functions and duties.

7.2.4 Separate meeting of Independent Directors:

- a) The Independent Directors of the Company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of the management, to review the performance of Board as a whole, review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
- b) All the Independent Directors of the Company shall strive to be present at such meeting;
- c) The meeting shall assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### **7.3 Appointment of Senior Management**

7.3.1 The Committee will identify the persons who may be appointed in the Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out the evaluation of their performance.

7.3.2 In this respect, the criteria laid down in the Board approved promotion policy and the selection process as per the Company policy would be followed. The Committee would then consider the proposals and recommend the same to the Board for appointment.

### **7.4 Removal**

7.4.1 The appointing authority of the Directors of the Company is the GOI. Hence, their removal shall be based on the GOI orders in this regard.

7.4.2 The removal of KMPs other than Directors and the Senior Management would be as per the internal rules and regulations of the Company. The removal of Directors and KMPs would also be subject to adherence to the procedures laid down under the Act.





7. **REMUNERATION TO DIRECTORS, KMP AND SENIOR MANAGEMENT**

- 8.1 The remuneration and compensation to be paid to the Directors, KMP and Senior Management will be determined based on the DPE guidelines and notifications issued by GOI from time to time and as per the terms of appointment of director issued by the GOI. The variable payment which is related to performance will be decided by the Committee based on the scheme formulated in accordance with the GOI and DPE guidelines and approved by the Board. Where any insurance is taken by the Company on behalf of its Managing Director, Directors, Chief Financial Officer, Company Secretary and Senior Management and any other employees for indemnifying them against any liability, the premium payable to any such personnel shall not be treated as part of their remuneration.
- 8.2 The pay structure devised and approved by GOI will be reviewed by the Committee on the following basis:
- 8.2.1. 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;
  - 8.2.2. relationship of remuneration to performance is clear and meets appropriate performance bench marks; and
  - 8.2.3. remuneration to Directors, KMPs 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;
- 8.3 The observations of the Committee will be reviewed by the Board and intimated to the GOI.
- 8.4 **Minimum Remuneration:** Since the remuneration for Directors are fixed in accordance with the GOI order and terms of appointments as specified in their appointment letter issued from MoJS, they will be paid the remuneration in case of no profit or inadequate profit.
- 8.5 **Compensation to Independent Directors:** The Independent Director may receive compensation by way of sitting fees for attending meetings of Board or committees thereof as may be decided by the Board, subject to the provisions of the Act and the SEBI LODR Regulations. Sitting fees for attending meetings of the Board and Committee payable to Independent Directors shall be fixed by the Board of Directors of the Company.
- 8.6 **Criteria for evaluation of Independent Directors and Board of Directors:** The performance of the Board of Directors and Independent Directors will be evaluated by GOI based on the performance of the Company and the MOU Score achieved.

8. **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. This Policy shall be reviewed by the Committee as and when any notification or amendments are notified by the regulatory authorities affecting the policy formed hereinabove. Any changes or modifications in the Policy as





recommended by the Committee would be submitted for approval of the Board. The Policy shall be effective from the date of approval by the Board, unless specified otherwise.

9. **DISSEMINATION OF POLICY**

A copy of this Policy shall be handed over to all Directors within one month from the date of approval by the Board. 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 Board's Report.

10. **AMENDMENT(S)**

The Board may review or amend this Policy, in whole or in part, from time to time, after taking into account the recommendations from the Committee.

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### Annexure I

Sl. No.	Details of the statute	Contents/ provisions of the statute	Remarks
1.	Section 178 (1) of the Companies Act, 2013	<p>The Board of Directors of every listed public company and such other class or classes of companies, as may be prescribed shall constitute the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors:</p> <p>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.</p>	<p>The Company's Nomination and Remuneration Committee consists of:</p> <p>(a) An Independent Director as Chairman  (b) An Independent Director as Member  (c) Director (Comm.&amp; HRD) as Member</p>
2.	Section 178(2) of the Companies Act, 2013	<p>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.</p>	<p>As per Ministry of Corporate Affairs notification no GSR 463(E) dated 05 June 2015 Chapter XII Sub sections (2),(3) and (4) of section 178 shall not apply to Government company except with regard to appointment of Senior Management and other employees.</p>

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3.	Section 178 (3) of the Companies Act, 2013	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.	As per Ministry of Corporate Affairs notification no GSR 463(E) dated 05 <sup>th</sup> June 2015. Chapter XII Sub sections (2), (3) and (4) of section 178 shall not apply to Government company except with regard to appointment of Senior Management and other employees.
4.	Section 178(4) of the Companies Act, 2013	<p>The Nomination and Remuneration Committee shall, while formulating the policy under sub-section (3) ensure that—</p> <p>(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;</p> <p>(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and</p> <p>(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:</p> <p>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</p>	<p>As per Ministry of Corporate Affairs notification no GSR 463(E) dated 05<sup>th</sup> June, 2015 Chapter XII sub sections (2), (3) and (4) of section 178 shall not apply to Government company except with regard to appointment of Senior Management and other employees.</p> <p>In the case of Government Company, the remuneration to all executives are based on DPE guidelines and as approved by Government of India. Regarding other employees, any new scheme of compensation will be brought before the Committee.</p>





5.	Schedule IV of the Companies Act, 2013 [See section 149(8) of the Companies Act, 2013]	Code for Independent Directors	<p>The code for Independent directors are to be followed with respect to Guidelines of professional conduct, role and functions, duties resignation and removal and separate meetings.</p> <p>The various matters to be considered by the Independent directors in the separate meeting as per Schedule IV will be undertaken except with reference to the evaluation of non-independent directors and CMD, resignation/ removal etc. or such other matters which are reserved for the consideration of President of India as per the Articles of Association of the Company/ DPE guidelines/ Government orders.</p>
6.	SEBI LODR Regulations- Regulation 19(1)	<p>The Board of directors shall constitute the nomination and remuneration committee as follows:</p> <p>(a) the committee shall comprise of atleast three directors;</p> <p>(b) all directors of the committee shall be non- executive directors; and</p> <p>(c) at least two-thirds of the directors shall be Independent Directors and in case of a listed entity having outstanding SR equity shares, two thirds of the nomination and remuneration committee shall comprise of independent directors.</p>	<p>The company's Nomination and Remuneration Committee comprises of:</p> <p>(a) An Independent Director as Chairman</p> <p>(b) An Independent Director as Member</p> <p>(c) Director (Comm. &amp; HRD) as Member</p>

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7.	SEBI LODR Regulations- Regulation 19(2)& (2A)	<p>The Chairperson of the nomination and remuneration committee shall be an Independent Director:</p> <p>Provided that the chairperson of the listed entity, whether executive or non-executive, may be appointed as a member of the Nomination and Remuneration Committee and shall not chair such Committee.</p> <p>(2A) The quorum for a meeting of the nomination and remuneration committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.</p>	The Chairperson of the company's Nomination and Remuneration committee is an Independent Director.
8.	SEBI LODR Regulations- Regulation 19(3)& (3A)	<p>The Chairperson of the nomination and remuneration committee may be present at the annual general meeting, to answer the shareholders' queries; however, it shall be up to the chairperson to decide who shall answer the queries.</p> <p>(3A) The nomination and remuneration committee shall meet at least once in a year.</p>	This is incorporated in the Policy
8.	SEBI LODR Regulations- Regulation 19(4)	<p>The role of the nomination and remuneration committee shall be as specified as in Part D of the Schedule II.</p> <p>Part D Schedule II States "Role of committee shall, inter- alia, include the following"</p> <p>(1) formulation of the criteria for determining qualifications, positive attributes and independence of a director</p>	<p>(1) WAPCOS Limited being a Government Company, all the directors are appointed by the GOI.</p> <p>(2) Again, WAPCOS being a Government Company, the remuneration for the Directors, KMPs, Senior Management and other employees are as notified by the DPE and approved by GOI. Hence the Nomination and Remuneration Committee may recommend to the Board of</p>

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		<p>and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;</p> <p>(2) formulation of criteria for evaluation of performance of independent directors and the board of directors;</p> <p>(3) devising a policy on diversity of board of directors;</p> <p>(4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;</p> <p>(5) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.</p> <p>(6) recommend to the board, all remuneration, in whatever form, payable to senior management.</p>	<p>Directors the pay and allowances to all officers based on the GOI guidelines in this respect.</p> <p>(2) The performance of Independent Directors is evaluated by GOI as WAPCOS is a Government company. Similarly, the performance of other directors are also evaluated by GOI.</p> <p>(3) Since WAPCOS is a Government Company, all the directors are appointed by GOI. Hence the Board Diversity policy adopted by the Board will be intimated to GOI to be considered while making the Board appointments.</p> <p>(4) The persons who are qualified to become directors and who may be appointed in Senior Management in accordance with the promotion policy recommended by the Committee and adopted by the Board.</p> <p>(5) The appointment, evaluation and determination of the term of an Independent director is within the purview of the GOI, as WAPCOS is a Government Company.</p> <p>(6) WAPCOS being a Government Company, the remuneration of the Senior Management are notified by the DPE and approved by GOI.</p>
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