



POLICY ON NOMINATION, APPOINTMENT AND REMOVAL OF DIRECTORS

1. INTRODUCTION

- 1.1. In terms of Section 178 of the Companies Act, 2013 (“**the Act**”) , rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as “**Listing Regulations**”), as amended from time to time, the Committee has formulated this policy on appointment and removal of Directors (“the Policy”).
- 1.2. This policy shall act as a guideline for determining qualifications, positive attributes, independence of a Director and matters relating to the appointment and removal of Directors.

2. OBJECTIVE OF THE POLICY

- 2.1 To lay down criteria and terms and conditions with regards to the identification of persons who are qualified to become Directors (executive, non-executive and independent) including their qualifications, positive attributes and independence and who may be appointed as the Senior Management of the Company.

3. APPOINTMENT OF DIRECTORS

This Policy enumerates guidelines which may be used by NRC in selecting/appointing/re-appointing and removal of a Director.

- 3.1 Assess skill-sets the Board needs given the strategies, challenges faced by the Company and evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director.
- 3.2 In selecting individuals for appointment/re-appointment/removal of directors, the NRC may refer to the following guidelines/policies:
 - 3.2.1 Board Membership Criteria (Refer **Schedule A**)
 - 3.2.2 Board Diversity Policy (Refer **Schedule B**)
 - 3.2.3 Criteria for determining independence of directors (in case of appointment of Independent Directors (Refer **Schedule C**)
 - 3.2.4 Role and capabilities required in case of an independent director (Refer **Schedule D**)
- 3.3 Request candidature from the database maintained by Tata Group HR/ Company or list of potential



candidates shared by the external consultants or any other source as deemed appropriate by the Committee.

- 3.4 NRC members (either jointly/individually, as delegated) shall meet the potential candidate and assess his/her suitability for the role.
- 3.5 NRC to recommend the appointment of shortlisted candidate to the Board for its consideration.
- 3.6 Emergency Succession: If position of a Director suddenly become vacant by reason of death or other unanticipated occurrence, the NRC shall convene a special meeting at the earliest opportunity to fill such vacancy.

4. POLICY IMPLEMENTATION

- 4.1 The Committee is responsible for recommending this Policy to the Board.
- 4.2 The Board is responsible for approving and overseeing implementation of this Policy (with the support of the Committee)

5. REVIEW OF THE POLICY

This Policy will be reviewed and reassessed by the Committee as and when required and appropriate recommendations shall be made to the Board to update this Policy based on changes that may be brought about due to any regulatory amendments or otherwise.

6. APPLICABILITY TO SUBSIDIARY COMPANIES

This Policy may be adopted by the Company's subsidiaries subject to suitable modifications and approval of the board of directors of the respective subsidiary companies.

7. COMPLIANCE RESPONSIBILITY

Compliance of this policy shall be the responsibility of the Company Secretary of the Company who shall have the power to ask for any information or clarifications from the management in this regard.



Schedule A BOARD MEMBERSHIP CRITERIA

The Nomination and Remuneration Committee (“NRC”) of the Board entrusted with the responsibility for developing competency requirements for the Board, based on the industry and strategy of the Company. The Board composition analysis reflects an in-depth understanding of the Company, including its strategies, environment, operations, financial condition and compliance requirements.

The NRC makes recommendations to the Board regarding appointment /re-appointment of Directors, and Key Managerial Personnel (“KMP”). The role of the NRC encompasses conducting a gap analysis to refresh the Board periodically, including each time a Director’s appointment or re-appointment is required. NRC is also responsible for reviewing the profiles of potential candidates vis-à-vis the required competencies, undertake a reference and due diligence and meeting of potential candidates before making recommendations of their nomination to the Board. The appointee is also briefed about the specific requirements for the position including expert knowledge expected at the time of appointment.

The Company’s governance guidelines on Board effectiveness cover aspects relating to composition and role of the Board, Chairman and Directors, Board diversity, the term of Directors, retirement age and Committees of the Board. The guidelines also cover key aspects relating to nomination, appointment, induction and development of Directors, Director's remuneration, oversight on subsidiary performances, code of conduct, Board effectiveness reviews and various mandates of Board committees. As per the Governance Guidelines adopted by the Board, the retirement age for Managing/Executive Directors is 65 years, Non-Executive (Non-Independent) Directors is 70 years, and Non-Executive, Independent Directors is 75 years.

Criteria for determining qualifications, positive attributes and independence of a director

In terms of the provisions of Section 178(3) of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, the NRC has formulated the criteria for determining qualifications, positive attributes and independence of Directors, the key features of which are as follows:

- **Qualifications** – The Board nomination process encourages diversity of thought, experience, knowledge, age, and gender. It also ensures that the Board has an appropriate blend of functional and industry expertise.
- **Positive Attributes** - Apart from the duties of Directors as prescribed in the Act, the Directors are expected to demonstrate high standards of ethical behavior, communication skills, and independent judgment. The Directors are also expected to abide by the respective Code of Conduct as applicable to them.
- **Independence** - A Director will be considered independent if he/she meets the criteria laid down in Section 149(6) of the Act, the Rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations.



Schedule B

Board Diversity Policy

1. PURPOSE

The need for diversity in the Board has come into focus post the changes in the provisions of the Companies Act, 2013 (“Act”) and the corporate governance requirements as prescribed by Securities and Exchange Board of India (“SEBI”) under Listing Regulations, as amended.

The NRC has framed this policy to set out the approach to diversity on the Board of the Company (“Policy”).

2. SCOPE

This Policy is applicable to the Board of the Company.

3. POLICY STATEMENT

The Company recognizes and embraces the importance of a diverse board in its success. The Company believes that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help the Company to retain its competitive advantage. The Board has adopted the Board Diversity Policy which sets out the approach to the diversity of the Board of Directors

While all appointments to the Board are made on merit, the diversity of Board in aggregate will be of immense strength to the Board in guiding the Company successfully through various geographies.

The Committee reviews and recommends appointments of new directors to the Board. In reviewing and determining the Board composition, the Committee will consider the merit, skill, experience, race, gender and other diversity of the Board.

4. MONITORING AND REPORTING

The Committee will report annually, in the corporate governance section of the Annual Report of the Company, the process it employed in Board appointments. The report will include summary of this Policy including purpose and the progress made in achieving the same.



5. REVIEW OF THE POLICY

This Policy will be reviewed and reassessed by the Committee as and when required and appropriate recommendations shall be made to the Board to update this Policy based on changes that may be brought about due to any regulatory amendments or otherwise

6. APPLICABILITY TO SUBSIDIARIES

This Policy may be adopted by the Company's subsidiaries subject to suitable modifications and approval of the board of directors of the respective subsidiary companies.



Schedule C

CRITERIA FOR DETERMINING INDEPENDENCE OF DIRECTORS

1. *Purpose*

The purpose of this policy is to define guidelines that will be used by the Board to assess the independence of Directors of the Company.

2. *Independence Guidelines*

A Director is considered independent if the Board makes an affirmative determination after a review of all relevant information. The Board has established the categorical standards set forth below to assist it in making such determinations.

An Independent Director in relation to a company means a director other than a Managing Director or a Whole Time Director or a Nominee Director –

- 2.1 who in the opinion of the Board, is a person of integrity and shall possess relevant expertise and experience.
- 2.2 who is or was not a promoter of the Company or its holding, subsidiary or associate Company or was not a member of the Promoter Group of the Company.
- 2.3 who is not related to promoters or Directors in the Company, its holding, subsidiary, or associate Company.
- 2.4 Apart from receiving Director's remuneration, or apart from having transaction not exceeding 10% of his total income or such amount as may be prescribed, has or had no pecuniary relationships with the Company, its holding, its subsidiaries, its associate companies, its promoters, or Directors, during the current financial year or immediately preceding three financial years.
- 2.5 None of whose relatives -
 - (i) is holding securities of or interest in the Company, its holding, subsidiary or associate company during the three immediately preceding financial years or during the current financial year of face value in excess of fifty lakh rupees or two percent of the paid-up capital of the Company, its holding, subsidiary or associate company or such higher sum as may be prescribed under the Act or Listing Regulations;



- (ii) is indebted to the Company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed under the Act or Listing Regulations, during the three immediately preceding financial years or during the current financial year;
- (iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the Company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed during the three immediately preceding financial years or during the current financial year; or
- (iv) has any other pecuniary transaction or relationship with the Company, or its subsidiary, or its holding or associate company amounting to two per cent or more of its gross turnover or total income:

Provided that the pecuniary relationship or transaction with the listed entity, its holding, subsidiary or associate company or their promoters, or directors in relation to points (i) to (iv) above shall not exceed two percent of its gross turnover or total income or fifty lakh rupees or such higher amount as may be specified under the Act or Listing Regulations from time to time, whichever is lower.

2.6 who, neither himself / herself nor any of his / her relatives-

- (i) holds or has held the position of a key managerial personnel or is or has been employee of the Company or its holding, subsidiary or associate Company or any company belonging to the promoter group of the Company, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed:

Provided that in case of a relative who is an employee other than key managerial personnel, the restriction under this clause shall not apply for his/her employment during preceding three financial years.

- (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year, in which he/she is proposed to be appointed of:
 - a firm of auditors or Company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate company;
 - any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate Company amounting to 10% or more of the gross turnover of such firm;



- (iii) holds together with his/her relatives 2% or more of the total voting power of the Company (“Substantial Shareholder”);
- (iv) is a Chief Executive or Director, by whatever name called, of any non-profit organization that receives 25%, or more of its receipts or corpus from the Company, any of its promoters, Directors or its holding, subsidiary or associate Company or that holds 2%, or more of the total voting power of the Company.
- (v) held office for more than 2 consecutive terms on the Board of the Company
- (vi) is a material supplier, service provider or customer or a lessor or a lessee of the Company

2.7 who is not be less than 21 years of age

2.8 who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director

2.9 who possesses such other qualifications as may be prescribed by the Companies Act, 2013

DEFINITIONS IN ADDITION TO THOSE PROVIDED ABOVE

1. **“Nominee Director”** implies a Director nominated by any financial institution in pursuance of the provisions of any law for the time being in force, or of any agreement, or appointed by any government or any other person to represent its interests.
2. **“Associate Company”** implies a Company which is an “associate” as defined in Accounting Standard (AS) 23, “Accounting for Investments in Associates in Consolidated Financial Statements”, issued by the Institute of Chartered Accountants of India.

This definition shall be read in conjunction with the term as defined under the Companies Act, 2013, as amended from time to time.

3. **“Relative”** implies anyone who is related to another if they are members of HUF; if they are husband and wife; or if one person is related to the other in such manner as may be prescribed under the Act. A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely – Father (includes step-father), Mother (includes step- mother), Son (includes step-son), Son’s wife, Daughter, Daughter’s husband, Brother (includes step-brother), Sister (includes step-sister).

This definition shall be read in conjunction with the definition under the Companies Act, 2013, as amended from time to time.



ROLE AND CAPABILITIES REQUIRED OF AN INDEPENDENT DIRECTOR

The Role and Capabilities of an Independent Director shall be as prescribed under the Companies Act, 2013 and Listing Regulations and the Code of Conduct for the Independent Directors and are as under:

The Independent Director:

- 1) Shall assist the Board in improving corporate credibility and governance standards.
- 2) As member of the Board, they along with the other Directors will be collectively responsible for meeting the objectives of the Board which include:
 - a. Act in accordance with the Articles of the company and the requirements under the Act and Listing Regulations;
 - b. “Responsibilities of the Board” and “Obligations with respect to Independent Directors” as outlined in Regulations 4 (2) (f) and 25 respectively and other applicable provisions of the Listing Regulations.
 - c. Accountability under the Director’s Responsibility Statement.
- 3) should be thought/ practice leaders in their respective functions/ domains
- 4) should devote such time as is prudent and necessary for the proper performance of their role, duties and responsibilities as an Independent Director.
- 5) should act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment
- 6) should exercise his/her duties with due and reasonable care, skill and diligence and exercise independent judgment.
- 7) should not be involved in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company
- 8) not achieve or attempt to achieve any undue gain or advantage either to himself/herself or to his/her relatives, partners, or associates
- 9) are expected to demonstrate high standards of ethical behavior, strong interpersonal and communication skills and soundness of judgment
- 10) An Independent Director shall:
 - 1) uphold ethical standards of integrity and probity;
 - 2) act objectively and constructively while exercising his/her duties;
 - 3) exercise his/her responsibilities in a bona fide manner in the interest of the company;



- 4) devote sufficient time and attention to his/her professional obligations for informed and balanced decision-making;
- 5) not allow any extraneous considerations that will vitiate his/her exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- 6) not abuse his/her position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- 7) refrain from any action that would lead to loss of his/her independence;
- 8) where circumstances arise which make an independent director lose his/her independence, the independent director must immediately inform the Board accordingly;
- 9) assist the company in implementing the best corporate governance practices.