

Managerial Remuneration Policy

I. Preamble :

- (1) Gujarat Road And Infrastructure Company Limited was incorporated on June 2, 1999 and is in business of contract with the Gujarat State Government and/or its Departments and/or its companies and/or their respective agencies to promote, develop, finance, establish, build, construct, equip, operate, maintain, control, upgrade, regulate, modify and/or takeover the Ahmedabad Mehsana Road and Vadodara Halol Road and it's ancillary facilities including the approach roads, minor and major bridges, flyovers, inter-changes, culverts, tunnels, links, buildings, toll booths, electric fittings, drains, waterways, etc. as well as to develop the land around such road, other bridges and other ancillary facilities for commercial or other use and to compensate, rehabilitate, resettle, and to charge, demand, collect, retain, contract, auction and to levy/increase tolls, fees, cess, rents from the users of the road, other bridges and other ancillary facilities from time to time and to appropriate receivables towards dues, investments, returns, servicing/repayments of debt or capital etc on a "Build Own Transfer" (BOT), "Build Own Operate" (BOO), "Build, Own Operate and Transfer" (BOOT), "Build Own Operate Maintain" (BOOM) formats.

(2) Effective Date :

This policy shall be effective from April 1, 2015.

II Compensation Forums :

(1) Nomination and Remuneration Committee :

Nomination and Remuneration Committee was constituted on April 23, 2015 for determining the Company's policy on specific remuneration package for the directors, key managerial personnel and other employees.

III Statutory Provisions :

- 1) Pursuant to the notification of the Companies Act 2013, effective April 01, 2014, the following provisions thereof have been considered while formulating the Remuneration Policy:

- (a) Remuneration for Whole-time, Non-Executive Directors, Key Management Personnel and Senior Management
- (b) Role of the Nomination and Remuneration Committee
- (c) Disclosures in the Directors' Report

IV Objectives :

The Key objective of the Managerial Remuneration Policy is to enable a framework that allows competitive and fair rewards for the achievement of key deliverables

V Remuneration Pattern :

- (1) **Base Salary** : The Shareholders of the Company, while approving the appointment of the Whole-time Directors may approve the scale within which the salary of the Whole-time Directors could be fixed

- (2) **Short-Term Incentive Plan ('STIP')**:
 - (a) The Company operates variable pay scheme called as "Performance Related Pay" [PRP]. Amendments to the PRP scheme is made to suit the organisation's business and performance

 - (b) In determining the actual PRP payments, the factors which are usually considered are Performance related to the Group's financial KPIs, Operational performance against budget

VI Key Managerial Personnel :

- (1) The Key Managerial Personnel (KMP) are the Managing Director/ Whole Time Director / Manager, Chief Financial Officer and Company Secretary

- (2) The KMPs have operational responsibilities in addition to the responsibilities specified by the Companies Act, 2013

- (3) The remuneration package of the Key Management and Senior Management comprises of:
 - **Fixed Remuneration** : This includes a Monthly Salary such as Consolidated Pay, Variable House Rent Allowance, Compensatory Allowance, Utility Allowance, Interest Subsidy on Housing Loans

- **Annual Allowances:** This consists of Leave Travel Allowance, Medical Reimbursement and House Maintenance Allowance
- **Retirals:** This includes Provident Fund @ 12% of Consolidated Pay, Gratuity @ 8.33% of Consolidated Pay and Superannuation @ 13% of Consolidated Pay

VII Non-Executive Directors :

The Non-Executive Directors are paid remuneration by way of Sitting fees for attending the Board / Board Committee/s Meetings in accordance with the Companies Act, 2013. The Board is responsible for setting policy in relation to the remuneration of the Non-Executive Directors

VIII Terms of Reference of the Nomination and Remuneration Committee (NRC):

The terms of the reference of the Nomination and Remuneration Committee will be as follows:

- (1) Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a Policy relating to the remuneration of the directors, key managerial personnel and other employees
- (2) Formulating the criteria for evaluation of Independent Directors and other members of the Board
- (3) Devising a policy on Board Diversity
- (4) Identifying persons who are qualified to become directors and those to be appointed in Senior Management Cadre in accordance with the criteria laid down and recommend to the Board their appointment / removal

IX Disclosures ::

Under the provisions of Companies Act 2013, the Board of Directors would have to disclose the details of the managerial remuneration in the Director's Report to the Shareholders

X Review and Modification:

Effectiveness of the Managerial Remuneration Policy is ensured through periodical review. The Board of Directors of the Company may amend or modify this Policy in whole or in part at any time

Selection Criteria for Directors

I The following Selection Criteria are proposed for hiring of a Member of the Board / Director

(1) **Experience / Know how** :

The candidate must meet at least two of the below mentioned four criteria:

- (i) Must have served as a Senior Managerial Personnel in a related organization
- (ii) Must have preferably served on other Boards
- (iii) Business Head role for last 5 years with an existing network to tap into
- (iv) Could be an independent specialist who can bring a different dimension to the Board due to the area of work or expertise (Legal, Technical, Financial, etc.)
- (v) In case of Independent Directors, apart from the above, should also satisfy the criteria specified in the Code for Independent Directors

(2) **Behavioral Competencies:**

- (i) Results and Achievement Orientation
- (ii) Strategic Orientation
- (iii) Ability to Influence and Inspire
- (iv) Effective Decision Making
- (v) Champions Change
- (vi) Intra-Group Coordination
- (vii) Integrity (“Fit & Proper”)

Performance Evaluation of the Board of Directors

I Objective:

The objective is to facilitate the individual Directors to help improve Board governance in the Company and enhance personal effectiveness of Directors by - Improving Board Composition and Enhancing Competencies

II Performance Evaluation Areas:

(1) Review Strategy and Performance :

- (a) Review Company Strategy annually and set the organization performance objectives based on qualitative and quantitative measures
- (b) Review the strategic objectives and ensure that they are in line with the Company's priorities and the changing nature of the Company's business
- (c) Review performance of Executive Directors annually and have it reflect in the remuneration review
- (d) Review performance of Independent Directors annually

(2) Performance of the Committees constituted under the Board :

- (a) Review the necessity of establishing any Committees and delegating certain of its responsibilities to the Committee
- (b) Review the Committees achievements during the year based on their duties
- (c) Review the charters of the Committees once a year to ensure that they are up to date

(3) Financial Controls and Reporting :

Ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of

control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards

III **Manner of Evaluation of Directors:**

The performance evaluation of:

- (i) Independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated in terms of the criteria and the Code of Conduct for Independent Directors
- (ii) Non-Independent Directors and the Board as a whole shall be done by the Independent Directors
- (iii) the Chairperson shall be done by the Independent Directors taking into account the views of Executive Directors and Non-Executive Directors
- (iv) Schedule IV of the Companies Act, 2013 prescribes the Code for Independent Directors (Code). The Companies are required to formally adopt the Code. Going forward role, responsibilities, appointment and evaluation of the Independent Directors will be governed by the Code

IV **Review and Modifications:**

Based on the foregoing evaluation areas, parameters and regulatory provisions, a draft of the suitable matrix for evaluation of Whole Time, Non Whole Time and Independent Directors is enclosed