



## NOMINATION AND REMUNERATION POLICY

### 1. INTRODUCTION

In terms of Section 178 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (the “**Listing Regulations**”), this policy on nomination and remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and Other Employees of the Company has been formulated by Board of Directors of the Company on the recommendation of Nomination and Remuneration Committee of the Company. This policy will assist the Company to fulfill its responsibility towards attracting, retaining and motivating the Directors, Key Managerial Personnel, Senior Management Personnel and Other Employees through competitive and reasonable remuneration in line with the corporate and individual performance.

### 2. DEFINITIONS

- (a) “**Board of Directors**” means the Board of Directors of SpiceJet Limited, as constituted from time to time.
- (b) “**Committee**” means Nomination and Remuneration Committee constituted by the Board of Directors of the Company from time to time under the provisions of the Companies Act, 2013 (including the rules prescribed thereunder) and the Listing Regulations.
- (c) “**Company**” means SpiceJet Limited.
- (d) “**Independent Director**” means a Director of the Company, not being a Managing or Whole-Time Director or a Nominee Director and who is neither a Promoter nor belongs to the Promoter Group of the Company and who satisfies the criteria of independence as prescribed under the provisions of the Companies Act 2013 (including the rules prescribed thereunder) and the Listing Regulations.
- (e) “**Key Managerial Personnel**” or “**KMP**” means key managerial personnel as defined under the Companies Act, 2013 and in relation to the Company means:
  - a) Chief Executive Officer or the Managing Director or
  - b) the Manager;
  - c) Company Secretary;
  - d) Whole Time Director;
  - e) Chief Financial Officer; and
  - f) Such other officer as may be prescribed
- (f) “**Policy**” means this policy, as amended from time to time.
- (g) “**Other Employees**” means, all the employees other than Directors, KMPs and the Senior Management Personnel.
- (h) “**Senior Management Personnel**” shall mean officers/personnel who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the executive directors, including all functional heads.

### **3. APPOINTMENT, TERM, REMOVAL AND RETIREMENT**

#### **a) APPOINTMENT:**

- (i) The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or Senior Management Personnel and accordingly recommend to the Board his / her appointment.
- (ii) The Committee should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder or any other applicable enactment for the time being in force.
- (iii) The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder or any other applicable enactment for the time being in force.
- (iv) The Other Employees shall be appointed and removed as per the policy and procedure of the Company.

#### **b) TERM:**

- (i) The term of the Directors shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder as amended from time to time.
- (ii) The term of the KMP's/Senior Management Personnel and Other Employees shall be as per the prevailing policy of the Company.

#### **c) REMOVAL AND RETIREMENT:**

- (i) Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground, the Committee may recommend to the Board for removal of a Director, KMP or a Senior Management Personnel.
- (ii) The removal of Other Employees shall be as per the prevailing policy of the Company.
- (iii) The Director, KMP, Senior Management Personnel and Other Employees shall retire as per the relevant provisions of the Companies Act, 2013 along with the rules made thereunder and the prevailing policy of the Company, as may be applicable, from time to time.

### **4. REMUNERATION**

- (a) The Committee shall recommend to the Board for their approval, any remuneration to be paid to the Executive Directors.
- (b) The Committee will also approve the remuneration to be paid to KMPs and Senior Management Personnel at the time of appointment.

- (c) The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient required to attract, retain and motivate Directors, KMPs and Senior Management Personnel in order to run the Company successfully. There shall be a clear linkage of remuneration to performance. The remuneration shall be a mix of fixed and variable pay/long-term pay reflecting short and long-term performance objectives appropriate to the working of the Company and its strategic goals.

The key principles for each of the positions are outlined below:

- (i) Executive Directors – The Executive Directors shall be paid remuneration by way of monthly compensation and profit based commission. The total remuneration to be paid to the Executive Directors shall be within the limits prescribed under the provisions of the Companies Act, 2013 and rules made thereunder.
- (ii) Non-Executive Directors – The Non- Executive Directors shall receive remuneration by way of sitting fees and reimbursement of expenses for attending meetings of Board or Committee thereof. The Non-Executive Directors shall also be eligible to receive profit related commission, as may be approved by the shareholders of the Company. Independent Director shall not be entitled to any stock options.
- (iii) KMPs and Senior Management Personnel – The Company recognizes that those chosen to lead the organisation are vital to its ongoing success and growth. Thus, these executives should be offered competitive and reasonable compensation such that the Company can attract, retain and encourage critical talent to meet important organisational goals and strategies. The compensation will be the mix of fixed pay, variable pay, performance based incentive plans or stock options. The executive total compensation program will be flexible to differentiate pay to recognize an individual incumbents' critical skills, contributions, and future potential to impact the organization's success.
- (iv) Other Employees – The compensation program for employees is designed to help drive performance culture and align employees for the creation of sustainable value through behaviors like execution excellence, innovation and leadership. The Company may periodically review the compensation and benefits at all levels to ensure that the Company remains competitive and is able to attract and retain desirable talent. The remuneration of Other Employees shall be decided by Chief Financial Officer/ Managing Director in consultation with the Head of Human Resource of the Company.

## **5. EVALUATION**

### **a) Criteria for evaluation of Directors:**

As members of the Board, the performance of the individual Directors as well as the performance of the entire Board and its Committees is required to be formally evaluated annually. Section 178(2) of the Companies Act, 2013 also mandates the Committee to carry out evaluation of every Director's performance.

In developing the methodology to be used for evaluation, on the basis of best standards and methods meeting international parameters, the Board / Committee may take the advice of independent professional consultant(s).

**b) Criteria for evaluating performance of Key Managerial Personnel and Senior Management Personnel:**

The performance evaluation of KMP's and Senior Management Personnel shall be done by Managing Director in consultation with the Head of Resource Officer of the Company based on the KRA's given to them at the beginning of the year.

**c) Criteria for evaluating performance of Other Employees:**

The performance evaluation of Other Employees shall be done by respective Head of the Department based on the 'Key Result Areas' given to them at the beginning of the year.

**6. BOARD DIVERSITY**

The Board of Directors shall have the optimum combination of Directors from different areas/fields of expertise and experience like operations, management, quality assurance, finance, sales and marketing, supply chain, research and development, human resources etc., or as may be considered appropriate. The Board shall have at least one member who has accounting or related financial management expertise and at least three members who are financially literate.

At least one member of the Board should be a woman.

**7. DISCLOSURES**

This Policy shall be disclosed in the Annual Report as part of the Board's report therein.

**8. AMENDMENT(S)**

The Board of Directors may review or amend this policy, in whole or in part, from time to time, after taking into account the recommendations from the Nomination and Remuneration Committee.