



CL EDUCATE LIMITED

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Recommendation Report of Nomination, Remuneration and Compensation Committee for the FY 2022-23

Background & Objectives

The Nomination, Remuneration and Compensation Committee (NRC Committee) has been asked to submit its Recommendation Report for the total compensation payable to the Directors of the Company for the FY 2022-23.

The NRC Committee has been asked to cover the following:

1. Key Considerations for setting the compensation;
2. Recommend the split between fixed and variable salaries;
3. Make specific recommendation for the fiscal 2022-23.

The purpose of this Report is to cover the above areas and recommend the total compensation payable to the Directors of the Company for the 2022-23.

1. Key Considerations for setting the compensation for the Whole Time Directors (WTDs):

- i. The compensation needs to be in line with the provisions of Companies Act, 2013 and any other law relating to Companies;
- ii. The compensation needs to take into account market factors both for the Directors and their direct reports. Given that the Directors have significant shareholding in the Company, so we believe that Director's salaries do not need to be at the market level. However, as professionals, Directors need to be paid a fair compensation for the executive and operational responsibilities they carry out for the Company. Therefore, their compensation still needs to be pegged to the market salary; this will ensure that Directors receive a fair compensation and more importantly there is "headroom" to pay competitive salaries to the Director's direct reports and for attracting new talent in the Company; and
- iii. Compensation trends for the past years for the WTDs.

2. Recommend the split between fixed and variable salaries

The table below summarizes the total compensation for the WTDs.

Table 1- Salary (Recommended vs. Actually paid) trend for past two years 2020-21 ad 2021-22 for WTDs:

(Amount in Rs. Lakhs)

WTDs	2020-21					
	Fixed Compensation		Variable Compensation		Total Compensation	
	Recommended	Actual	Recommended	Actual	Recommended	Actual
Mr. Satya Narayanan R	86.00	53.61	43.05	0.00	129.05	53.61
Mr. Gautam Puri	86.00	53.61	43.05	0.00	129.05	53.61
Mr. Nikhil Mahajan	83.69	60.67*	41.69	0.00	125.38	60.67*

**This includes an amount equivalent to 1,08,000 AED, which is paid to Mr. Nikhil Mahajan, from Company's Dubai business operations.*

(Amount in Rs. Lakhs)

WTDs	2021-22					
	Fixed Compensation		Variable Compensation		Total Compensation	
	Recommended	Actual	Recommended	Actual	Recommended	Actual
Mr. Satya Narayanan R	86.00	84.78	43.05	38.00	129.05	122.78
Mr. Gautam Puri	86.00	85.38	43.05	38.00	129.05	123.08
Mr. Nikhil Mahajan	83.69	78.80	41.69	37.00	125.38	115.80

**This includes an amount equivalent to 1,00,000 AED, which is paid to Mr. Nikhil Mahajan, from Company's Dubai business operations.*

3. Specific Recommendation for FY 2022-23

Considering the inflation (CPI), Recovering economic parameters from Covid-19 pandemic and keeping in view the overall performance of the Company during the previous financial year 2021-22, as also the Salaries of Key Managerial Personnel in similar industry, the NRC Committee recommends a 15% increase in the fixed payout. The Variable payable be increased as is given hereunder, of which the actual payout shall be determined by the NRC Committee at the year end:

Table 2- Recommended Maximum Compensation for WTDs for FY 2022-23

(Amount in Rs. Lakhs)

WTD	FY 2022-23		
	Fixed	Variable	Total
Satya Narayanan R	99.00	60.00	159.00
Gautam Puri	99.00	60.00	159.00
Nikhil Mahajan	96.00	58.00	154.00

In view of the Committee, the variable part of the compensation needs to be calculated on the basis of the following methodology:

Methodology for calculating variable compensation

For the Financial Year 2022-23, our recommendation is as already approved- i.e the weighted average 1:2 of the percentage achievement vs. budget of the following two metrics

- Consolidated Revenue
- Consolidated EBIDTA

As an illustration if the Company’s performance vs. budget is 90% achievement on consolidated revenue and 95% achievement on consolidated EBIDTA then the variable compensation will be calculated as below:

* Revenue Component (90% * 1)

** EBIDTA Component (95%*2)

[Revenue Component (90*1) + EBIDTA Component (95*2)]/3 = 93.33% of the Variable compensation.

Audited results should be used for calculating all performance metrics. If audited results are not available, then latest interim results should be used.

Recommendation for commission payable for the Non-Executive Independent Directors for the Financial Year 2022-23

Table 3 - Commission for Non-Executive Independent Directors for the Financial Year 2022-23

Name of Non-Executive Directors	Commission Payable for 2021-22
Ms. Madhumita Ganguli	Up to 0.15% of the net profits
Mr. Girish Shivani	Up to 0.15% of the net profits
Mr. Sanjay Tapriya	Up to 0.15% of the net profits
Mr. Piyush Sharma	Up to 0.15% of the net profits

Salaries of Key Managerial Personnel in similar industry (For reference purposes only)

Name of KMP	Designation	Remuneration for the FY 2020-21 (in Rs.)	Source of information
Mr. Jagdish Chand Chaudhry	Chairman & Managing Director	1,022.69 Lakhs p.a.	Aakash Educational Services Private Limited Annual Return
Mr. Aakash Chaudhry	Managing Director	942.17 Lakhs p.a.	Aakash Educational Services Private Limited Annual Return
Mr. Manek Nariman Daruvala	Whole-time Director	67.30 Lakhs p.a.	Triumphant Institute of Management Education Private Ltd. Annual Return

Mr. Viswanath Pillutla	Whole-time Director	67.30 Lakhs p.a.	Triumphant Institute of Management Education Private Ltd. Annual Return
Mr. Arun Kumar Khetan	Whole-time Director	55.31 Lakhs p.a.	MT Educare Ltd Annual Report
Mr. Himanshu Gupta	Managing Director	59.94 Lakhs p.a.	S Chand and Company Limited Annual Report
Mr. Dinesh Kumar Jhunjhnuwala	Whole-time Director	38.47 Lakhs p.a.	S Chand and Company Limited Annual Report
Mr. Pramod Maheshwari	Chairman, Managing Director and CEO	33.00 Lakhs p.a.	Career Point Limited Annual Report
Mr. Om Prakash Maheshwari	Executive Director and CFO	33.00 Lakhs p.a.	Career Point Limited Annual Report
Mr. Nawal Kishore Maheshwari	Executive Director	33.00 Lakhs p.a.	Career Point Limited Annual Report

Sd/-
Sanjay Tapriya
Chairman
NRC Committee

Date: May 19, 2022
Place: New Delhi