



CL EDUCATE LIMITED

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Recommendation Report of Nomination, Remuneration and Compensation Committee for the FY 2021-22

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 2021-22.

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 2021-22.

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 2021-22.

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 2019-20 and 2020-21 for WTDs:

(Amount in Rs. Lakhs)

WTDs	2019-20					
	Fixed Compensation		Variable Compensation		Total Compensation	
	Recommended	Actual	Recommended	Actual	Recommended	Actual
Mr. Satya Narayanan R	86.00	85.38	43.05	0.00	129.05	85.38
Mr. Gautam Puri	86.00	85.38	43.05	0.00	129.05	85.38
Mr. Nikhil Mahajan	83.69	83.22*	41.69	0.00	125.38	83.22*

*This includes an amount equivalent to 1,20,000 AED, which is paid to Mr. Nikhil Mahajan, from Company's Dubai business operations.

(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.

3. Specific Recommendation for FY 2021-22

Considering the inflation (CPI), prevailing Covid-19 pandemic and keeping in view the overall performance of the Company during the previous financial year 2020-21, as also the Salaries of Key Managerial Personnel in similar industry, the NRC Committee recommends no change in the structure of the compensation payable to the Whole Time Directors for FY 2021-22, and hence the compensation structure for FY 2020-21 continues as such for the FY 2021-22 as well, subject to the compliance with the provisions of the Companies Act, 2013.

Table 2- Recommended Maximum Compensation for WTDs for FY 2021-22

(Amount in Rs. Lakhs)

WTD	FY 2021-22		
	Fixed	Variable	Total
Satya Narayanan R	86.00	43.05	129.05
Gautam Puri	86.00	43.05	129.05
Nikhil Mahajan	83.69	41.69	125.38

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

Our recommendation is to use the % achievement vs. budget for the FY 2021-22 on following two metrics:

- Total Revenue
- Total EBIDTA

We propose equal weightage (50% each) to the two metrics, in addition, the committee proposes the following calculation grid for arriving at the variable compensation amount.

Table 3- Variable Compensation Calculation Grid for WTD (FY 2021-22)

% Achievement vs. Budget	Revenue Based Variable Compensation	EBIDTA Based Variable Compensation
<80%	70%	70%
80-90%	80%	80%
90-95%	90%	90%
95-100%	100%	100%
100-105%	110%	110%
105-110%	120%	120%
110%+	125%	125%

As an illustration if the Company performance vs. budget is 93% achievement on revenue and 98% achievement on EBIDTA then the variable compensation will be calculated as below:

* Revenue Component (90% * 50%)

** EBIDTA Component (100%*50%)

Revenue Component (90% * 50%) + EBIDTA Component (100%*50%) = 95% of Variable compensation.

Audited results should be used for all actual 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 FY 2021-22

Table 4 - Commission for Non-Executive Independent Directors for the FY 2021-22

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: June 23, 2021
Place: Noida, Uttar Pradesh**