



CL EDUCATE LIMITED

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**Recommendation Report of
Nomination, Remuneration and Compensation Committee
for the FY 2018-19**

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 2018-19.

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 2018-19.

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 2018-19..

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 whole time Directors (WTDs)

Table 1- Salary trend for past two years 2016-17 to 2017-18 for WTDs

(Amount in Rs. Lakhs)

WTD	Paid during 2016-17			Paid during 2017-18		
	Fixed	Variable	Total	Fixed	Variable	Total
Satya Narayanan .R	69.83	0	69.83	58.46	0	58.46
Gautam Puri	69.83	0	69.83	57.96	0	57.96
Nikhil Mahajan	69.28*	0	69.28	62.04*	0	62.04*

* This includes an amount equivalent to 10,000 AED per month, which is paid to Mr. Nikhil Mahajan, from Company's Dubai business operations.

3. Specific Recommendation for FY 2018-19

Considering the inflation (CPI) in the FY 2017-18 and keeping in view the overall performance of the Company for the FY 2017-18, as also the Salaries of Key Managerial Personnel in similar industry, the Committee recommends no change in compensation of the Whole Time Directors, such that the compensation recommended by the NRC Committee for the year 2017-18 shall continue to hold good for the FY 2018-19.

Keeping in mind above mentioned factors, the committee recommends no change in the structure of the compensation payable to the Whole Time Directors from the FY 2018-19, and hence the recommended compensation for FY 2017-18 continues as such for the FY 2018-19 as well, to be paid subject to the compliance with the provisions of the Companies Act, 2013:

Table 2- Recommended Compensation for WTDs for 2018-19

(Amount in Rs. Lakhs)

WTD	Fixed Compensation	Variable Compensation	Total Compensation
Satya Narayanan .R	81.9	41.0	122.9
Gautam Puri	81.9	41.0	122.9
Nikhil Mahajan	79.7	39.7	119.4

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

Total compensation

Our recommendation is to use the % achievement vs. budget for the FY 2018-19 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 2018-19)

% 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 2018-19

Table 4 - Commission for Non-Executive Independent Directors for the FY 2018-19

Non-Executive Director's Name	Commission Payable for 2018-19
Mr. Girish Shivani	0.15% of the net profits
Mr. Sushil Kumar Roongta	0.15% of the net profits
Mr. Viraj Tyagi	0.15% of the net profits
Ms. Madhumita Ganguli	0.15% of the net profits

Salaries of Key Managerial Personnel in similar industry
(Latest available salaries have been quoted):

Name of KMP	Remuneration for the FY 2017-18 (in Rs.)	Source of information
Mr. Mahesh R. Shetty	153 Lakhs p.a.	MT Educare Ltd Annual Report
Mr. Pramod Maheshwari	33 Lakhs p.a.	Career Point Limited Annual Report
Mr. Himanshu Gupta	164 Lakhs p.a.	S Chand and Company Limited Annual Report
Mr. Dinesh Kumar Jhunjhnuwala	164 Lakhs p.a.	S Chand and Company Limited Annual Report
Mr. Manek Nariman Daruvala	179.15 Lakhs p.a.	Triumphant Institute of Management Education Private Ltd. Annual Return
Mr. Viswanath Pillutla	179.15 Lakhs p.a.	Triumphant Institute of Management Education Private Ltd. Annual Return
Mr. Samir Bansal	123.6 Lakhs p.a.	Bansal Classes Private Limited Annual Return
Mr. Vinod Kumar Bansal	150 Lakhs p.a.	Bansal Classes Private Limited Annual Return
Mr. Jagdish Chand Chaudhry	1022.45 Lakhs p.a.	Aakash Educational Services Private Limited Annual Return
Mr. Aakash Chaudhry	950.31 Lakhs p.a.	Aakash Educational Services Private Limited Annual Return
Mr. Byju Raveendran	72.60 Lakhs p.a.	Think & Learn Private Limited Annual Return 2018
Mr. Dinesh Kumar Goel	1108.88 Lakhs p.a.	FIIT JEE Limited Annual Return 2018
Mr. Ramkishan Verma	180.92 Lakhs p.a.	Resonance Eduventures Limited Annual Return 2018

Sd/-
Viraj Tyagi
Chairman – NRC Committee

Date; January 31, 2019
Place: New Delhi