

**Nomination and Remuneration Committee**  
**[Terms of Reference and Policy on Appointment & Remuneration]**

 <p><b>CHARGE ZONE</b><sup>®</sup> — POWERING THE FUTURE —</p>	<b>HR POLICIES</b>	Section no.
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	<b>Nomination and Remuneration Committee terms of Reference</b>	Origin date: 03/07/2024
		Revision no: XX
		Revision Date:

## **Regulatory Framework:**

According to the provisions of Section 178(1) of the Companies Act 2013 read with Rule 6 of the Companies (Meeting of Board and its powers) Rules, 2014 and Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, this Terms of Reference of the Nomination and Remuneration Committee ('NRC') is framed.

### **Definitions**

“Act” means the Companies Act, 2013 as amended from time to time and the Rules made thereunder.

“Board” means Board of Directors of the Company

“Directors” mean Directors of the Company.

“ Key Managerial Personnel” (“KMP”), in relation to a Company means –

1. Chief Executive Officer or the Managing Director, Whole-time Director or Manager;
2. Chief Financial Officer;
3. Chief Operations Officer;
4. Head of WHSE;
5. General Counsel (Head of Legal & Compliance);
6. Business Development Director;
7. Head of Human Resources & Administration; and
8. Company Secretary.

“Senior Management” shall mean officers/personnel of the Company 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 “Chief Executive Officer/Managing Director/Whole-time Director/Manager (including Chief Executive Officer/Manager, in case they are not part of the Board of Directors) and specifically include Company Secretary and Chief Financial Officer.

### **Constitution**

The Board has resolved to establish a Committee of the Board to be known as the Nomination and Remuneration Committee. The Nomination and Remuneration Committee assists the Board in fulfilling its oversight responsibilities in respect of:

- Formulation of nomination criteria for appointment of Directors, Senior Management and KMP;
- Formulation of remuneration policy for the Directors and KMP and other employees;

- Devising policy on Boards diversity;
- Formulation of Policy on Evaluation of performance of the Board of Directors, Committees and Individual Directors including Independent Directors.
- identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal.

### **Constitution of the Nomination and Remuneration Committee**

The Committee shall consist of a minimum of three (3) or more Non-Executive Directors, of which not less than one-half shall be Independent Directors. The Chairperson of the Company, whether executive or non-executive may be appointed as a member of the Nomination and Remuneration Committee.

### **Quorum**

The quorum shall be either 2 members or 1/3<sup>rd</sup> of the total members of the Committee (whichever is greater) including 1 Independent Director or as may be specified under the Companies act 2013 from time to time.

### **Term of the Committee**

The term of the Committee shall be continued unless terminated by the Board of Directors.

### **Chairperson**

- The Chairperson of the Company may be appointed as a member of the Committee but shall not be Chairman of the Committee.
- In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- Chairman of the Nomination and Remuneration Committee meeting shall be present at the Annual General Meeting or may nominate some other member of the Committee to answer the shareholders' queries.

### **Frequency of Meetings**

The Nomination and Remuneration Committee shall meet at least once a year.

### **Secretary**

The Company Secretary of the Company shall act as the Secretary of the Committee.

### **Meetings**

- The Committee shall meet at least once a year, with authority to convene

additional meetings as circumstances require.

Further, Meetings are convened by written notice or any electronic mode served to each of the members by the Company Secretary of the of the Company, such notice to be served at least seven days prior to the meeting and in case of Physical Meeting such notice to be served at least 45 days prior to the meeting.

Provided that a meeting of the Committee may be called at shorter notice to transact urgent business subject to the condition that at least one Independent Director, if any, shall be present at the meeting.

Provided further that in case of absence of Independent Directors from such a meeting of the Committee, decisions taken at such a meeting shall be circulated to all the Members and shall be final only on ratification thereof by at least one Independent Director, if any.

- All members of the Committee are expected to attend each meeting;
- A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, duties and discretions vested in or exercisable by the Committee;
- Meetings of the Committee may be attended by the Chairman, MD and HR executives and outside expert at the invitation of the Committee;
- A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- In the absence of the Committee Chairman, the remaining members shall elect any of them present to chair the meeting
- Formal decisions are made by a simple majority vote, with the Chairman of the meeting holding a casting vote.
- In the case of equality of votes, the Chairman of the meeting will have a casting vote.
- The Secretary shall be responsible, in conjunction with the Chairman of the Committee, for compiling and circulating the agenda and papers for the meeting. The Secretary will also be responsible for liaising with the Executive Team to ensure that all papers, reports etc. required by the Committee are forwarded to them in a timely manner.

### **Minutes of Meetings**

- The Secretary shall minutise the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- Conflicts of interest must be declared by Committee members at the beginning of meetings and the Secretary should record any such declaration in the minutes.

- The Committee Secretary shall promptly circulate draft meeting minutes to the Committee Chairman for review and subsequently to all members of the Committee. Meeting minutes shall be confirmed at the next meeting of the Committee and tabled as soon as practicable thereafter at a meeting of the Board.

### **Duties & Responsibilities**

NRC shall oversee, among others, the following matters and make report with recommendation to the Board:

Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the Directors, KMP, and Senior Management, considering the following:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;
- the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- remuneration to directors, KMP and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
- devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;
- identifying persons who are qualified to become directors and who may be appointed in KMP position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;

### **Reporting Responsibilities**

- The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed with respect to remuneration of directors and KMP's of the organization.

### **Others**

The Committee shall:

- Review annually its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval;
- Undertake any other projects relating to its remit which it considers appropriate or as requested by the Board.

### **Authority**

The Committee is authorized by the Board:

- To seek any information, it requires from any employee of the company in order to perform its duties;
- To obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference;
- To call any employee to be questioned at a meeting of the Committee as and when required;

## **Policy For Appointment and Removal of Director, Key Managerial Personnel ('KMP') and Senior Management**

### **Appointment criteria and qualifications**

- The Committee shall identify and ascertain the integrity, qualification, expertise, and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- A person should possess adequate qualifications, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- The Company shall not appoint or continue the employment of any person as Whole-time Director or Managing Director, who has attained the age of seventy years; Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

### **Term / Tenure**

**Managing Director/Whole-time Director:** The Company shall appoint or re-appoint any person as its Executive Director, Managing Director or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

**Independent Director:** An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's Report.

- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director;
- Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly..

### **Maximum Directorship by Directors**

A person can hold the office of director simultaneously in 20 companies. The

number of 20 companies includes the office of alternate directorship also. However, the maximum number of public companies in which a person can be a director simultaneously is 10.

For calculating the number of public companies, the directorship in private companies that are either holding or subsidiary of a public company is included. However, the directorship in a dormant company is not included in calculating the limit of directorships of 20 companies.

### **Evaluation**

The Committee shall carry out an evaluation of the performance of the Board, its Committee and individual Directors by way of individual and collective feedback from Directors. The Committee shall further carry out evaluation of performance of KMP and Senior Management Personnel at such intervals as deemed fit (yearly).

### **Removal**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules, and regulations thereunder, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act and rules made there under.

### **Retirement**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## **Remuneration Policy:**

### **Policy Relating to The Remuneration for the Managerial Personnel, KMP and Senior Management Personnel and other employees**

#### **1. General**

- The remuneration/compensation/commission etc. to the Managing Director,

Whole-time Director or Executive Director will be determined by the Committee and recommended to the Board for approval which shall be subject to the prior / post approval of the shareholders of the Company, wherever required.

- The remuneration and commission to be paid to the Managing Director, Whole-time Director and Directors shall be in accordance with the conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.
- Increments/revision to the existing remuneration/compensation payable to Managing Director, Whole-time Director and Directors shall be recommended by the Committee to the Board, which should be within the limits approved by the Shareholders.
- Where any insurance is taken by the Company on behalf of its Directors, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel; Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

## **2. Remuneration to Managerial Personnel, KMP, Senior Management Personnel and Other Employees:**

### **(a) Fixed pay**

The Managing Director, Whole-time Director, Executive Director, KMP and Senior Management Personnel shall be eligible for monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the provisions of the Act. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees, etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

### **(b) Variable Pay**

The Managerial Personnel shall be eligible to a performance linked incentives as may be determined by the Board from time to time.

**(c) Commission**

The Managerial Personnel may be paid Commission if approved by the shareholders. The shareholders may authorize the Board to declare commission to be paid to any Managerial Personnel of the Board.

**3. Minimum Remuneration**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director and Whole-time Director in accordance with the provisions of Schedule V of the Act.

- 4.** The Remuneration to Company Secretary, Senior Management Personnel and other employees shall be governed by the HR Policy of the Company and as recommended by the Committee.

**5. Remuneration to Non- Executive/Independent Director**

**Remuneration/Commission:** The remuneration/commission shall be fixed as per the limits and conditions mentioned in the Articles of Association of the Company and the Act.

**Sitting Fees:** The Non-Executive/Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof, provided that the amount of such fees shall not exceed Rs. One Lac per meeting of the Board or Committee or such other amount as may be prescribed under the Companies Act, 2013 from time to time.

**Commission:** Commission may be paid within the monetary limit approved by shareholders, subject to the limit of the profits of the Company computed as per the applicable provisions of the Act.

**Stock Options:** An Independent Director shall not be entitled to any stock option of the Company.

**Duties of Committee**

**The duties of the Committee in relation to Appointment/Reappointment/removal matters shall include:**

- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness.
- Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment.
- Identifying and recommending Directors who are to be put forward for retirement by rotation.
- Determining the appropriate size, diversity, and composition of the Board.
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board.
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan.
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from a business and compliance perspective.
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee.
- Recommend any necessary changes to the Board; and
- Considering any other matters, as may be requested by the Board.

**The duties of the Committee in relation to remuneration matters shall include:**

- To consider and determine the Remuneration Policy, based on the performance and in so judging also to bear in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate.
- To approve the remuneration of the Senior Management, including Key Managerial Personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.