

# Nomination & Remuneration Policy

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## 1. INTRODUCTION

The Nomination and Remuneration Policy ("Policy") is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules of Companies (Meetings of Board and its Powers) Rules, 2014.

### 1.1. Purpose of the Policy

The Key Objectives of the Policy are:

- (a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- (b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- (c) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

The Policy ensures that:

- (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmark; and
- (c) Remuneration to Directors, Key Managerial Personnel 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.

### 1.2. Definitions

**"Board"** means the Board of Directors of the Company.

**"Company"** means "C&S Electric Limited."

**"Independent Director"** means a director referred to in Section 149 (6) of the Companies Act, 2013.

**"Key Managerial Personnel" or "KMP"** means Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and the Rules made thereunder.

*(As per Section 203 of the Companies Act, 2013, the following are whole-time Key Managerial Personnel:*

- (i) Managing Director or Chief Executive Officer or the Manager and in their absence a whole-time Director;*
- (ii) Company Secretary; and*

(iii) *Chief Financial Officer*)

**“Nomination and Remuneration Committee”** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013.

**“Policy or This Policy”** means, “Nomination and Remuneration Policy.”

**“Remuneration”** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

**“Senior Management”** means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads.

### **1.3. Interpretation**

Words and expressions used in this Policy shall have the same meanings respectively assigned to them in The Companies Act, 2013 or the rules framed thereunder.

## **2. NOMINATION AND REMUNERATION COMMITTEE**

### **2.1. Role of the Committee**

- (a) Identifying 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 and shall carry out evaluation of every director's performance.
- (b) Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- (c) Formulating the criteria for evaluation of Independent Directors and the Board;
- (d) Devising a policy on Board diversity;
- (e) Ensuring that the Board comprises of a balanced combination of Executive Directors and Non-Executive Directors;
- (f) The Committee shall take into consideration and ensure the compliance of provisions under Schedule V of the Companies Act, 2013 for appointing and fixing remuneration of Managing Directors / Whole-time Directors;
- (h) While approving the remuneration, the Committee shall take into account financial position of the Company, trend in the industry, qualification, experience and past performance of the appointee;

### **2.2. Composition of the Committee**

- (a) The Committee shall comprise of 3 or more non-executive directors;
- (b) Out of which not less than 50% shall be Independent Directors;
- (c) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirement.

- (d) Minimum two (2) members shall constitute a quorum for the Committee meeting.
- (e) Term of the Committee shall be continued unless terminated by the Board of Directors.
- (f) The Committee shall act in accordance with the provisions of Companies Act, 2013.

### **3. APPLICABILITY**

This Policy shall be effective w.e.f. \_\_\_\_\_ and shall cover:

- (a) Directors (Executive, Non-Executive and Independent);
- (b) Key Managerial Personnel;
- (c) Senior Management Personnel;
- (d) Other employees as may be decided by the Nomination and Remuneration Committee.

### **4. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL**

#### **4.1. Appointment criteria and qualifications**

- (a) Subject to the applicable provisions of the Companies Act, 2013, other applicable laws, if any and C&S Group HR Policy, 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.
- (b) The Committee has discretion to decide the adequacy of qualification, expertise and experience for the concerned position.
- (c) The Company shall not appoint or continue the employment of any person as Managing Director / Whole-time Director / Manager 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.

#### **4.2. Term / Tenure**

##### **Managing Director / Whole-time Director / Manager (Managerial Personnel)**

The Company shall appoint or re-appoint any person as its Managerial Personnel 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**

- (a) 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.

- (b) 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.

#### **4.3. Evaluation**

Subject to Schedule IV of the Companies Act, 2013, the Committee shall carry out the evaluation of Directors periodically.

#### **4.4. Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable laws, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP, subject to the provisions and compliance of the applicable laws, rules and regulations.

#### **4.5. Retirement**

The Director, KMP and Personnel of Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Personnel of Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, in the interest and for the benefit of the Company.

### **5. PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSONNEL, KMP AND SENIOR MANAGEMENT PERSONNEL**

#### **5.1. General**

- (a) The remuneration / compensation / commission etc. to Managerial Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the approval of the shareholders of the Company and Central Government, wherever required under the specific provisions of the Companies Act, 2013 and Rules made thereunder.
- (b) Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Personnel.
- (d) Where any insurance is taken by a company on behalf of its Managing Director, Whole-time Director, Manager, Chief Executive Officer, Chief Financial Officer or Company Secretary for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

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

##### **5.2.1. Fixed Pay**

Managerial Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to provident fund, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

#### **5.2.2. Minimum Remuneration**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Companies Act, 2013, and if it is not able to comply with such provisions, with the prior approval of the Central Government.

#### **5.2.3. Provisions for excess remuneration**

If any Managerial Personnel draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

5.2.4. The remuneration to Personnel of Senior Management shall be governed by the C&S Group HR Policy.

5.2.5. The remuneration to other employees shall be governed by the C&S Group HR Policy.

### **5.3. Remuneration to Non-Executive / Independent Director**

#### **5.3.1. Remuneration / Commission**

The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

#### **5.3.2. 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 the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

The sitting fee paid to Independent Directors and Women Directors, shall not be less than the sitting fee payable to other directors.

#### **5.3.3. Limit of Remuneration / Commission**

Remuneration / Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

#### **5.3.4. Stock Options**

An Independent Director shall not be entitled to any stock option of the Company.

## **6. DISCLOSURES**

The Company shall disclose the Policy on Nomination and Remuneration on its website and in the Annual Report.

## **7. AMENDMENT**

Any amendment or modification in the Companies Act, 2013 and any other applicable Rules and Regulation relating to Nomination and Remuneration Committee shall automatically be applicable to the Company.