



**NOMINATION AND REMUNERATION POLICY**  
**OF**  
**ABHITECH ENERGYCON LIMITED**

(Effective from 30<sup>th</sup> March, 2023)

**INDEX**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Page No.</b>
A	Background and Objectives	2
B	Definitions	2
C	Appointment of Director, KMP and Senior Management Personnel	3
D	Removal of Director, KMP and Senior Management Personnel	5
E	Retirement of Director, KMP and Senior Management Personnel	5
F	Evaluation	5
G	Matters relating to Remuneration of Directors, KMP & Senior Management Personnel	5
H	Review/revision of policy	7

## **A. BACKGROUND AND OBJECTIVES:**

Section 178 of the Companies Act, 2013 (“the Act”) as amended from time to time, require the Nomination and Remuneration Committee to formulate a policy relating to remuneration for the Directors, Key Managerial Personnel and other employees of the Company and recommend the same for approval of the Board.

Further Section 134 of the Act stipulates that the Board Report shall include the company’s policy on directors’ appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and remuneration for KMP and other employees.

This policy is framed in accordance with requirements of the Act. The Policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Senior Management Personnel/ Key Managerial Personnel and other employees.

### **The objective of the Policy is:**

- a. To guide the Board in relation to appointment and removal of Directors.
- b. To formulate criteria for evaluation of Independent Directors and the Members of the Board.
- c. To evaluate the performance of the Members of the Board including Independent Directors.
- d. To determine criteria for payment of remuneration to Directors, Senior Management Personnel/Key Managerial Personnel and employees.
- e. To recommend to the Board remuneration payable to the Directors including Senior Management Personnel/Key Managerial Personnel and employees, if required.
- f. To ensure relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

## **B. DEFINITIONS:**

“**Board of Directors**” or “**Board**” means the Board of Directors of Abhitech Energycon Limited, as constituted from time to time.

“**Company**” means Abhitech Energycon Limited.

“**Employee Stock Option**” means the option given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which

gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.

**“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 as defined under section 203 of the Companies Act, 2013 and the Rules made thereunder.

**“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”** of the Company means officers/ personnel of the Company who are members of its core management team excluding Board of Directors, comprising Chief Executive Officer (CEO) and members of management (one level below the CEO) including Chief Financial Officer (CFO) and Company Secretary (CS).

Unless the context otherwise requires, words and expressions used in the Policy and not defined herein but defined in the Act shall have the meaning assigned to them therein.

## **C. APPOINTMENT OF DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL:**

1. The Committee shall identify and ascertain the integrity, professional qualification, areas of expertise and experience of the person, who is proposed to be appointed as a Director and appropriate recommendation shall be made to the Board with respect to his/her appointment to maintain balance, ensure effective functioning of the Board and ensure orderly succession planning. The Committee will consider the following while recommending to the Board the proposal relating to the appointment:
  - a. Leadership qualities
  - b. Industry knowledge and experience (as relevant)
  - c. Experience and exposure in policy shaping and industry advocacy
  - d. Understanding of relevant laws, rules, regulations and policies
  - e. Corporate governance
  - f. Financial expertise
  - g. Risk Management
  - h. Global experience/ International exposure

- i. Information Technology
  - j. ESG expertise
2. The Committee shall ensure that at least one of the Directors on the Board has relevant experience of having worked in Primary Industry in which it operates.
3. A person is required to possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee, on the recommendation of Human Resource department (“HR Department”), if required, which is in charge of recruitment shall have the discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/ satisfactory for the position concerned.
4. Appointment of all Directors shall be subject to the provisions of Companies Act, 2013 and rules thereunder and other applicable provisions, as the case may be.
5. Appointment / re-appointment of Independent Directors shall be specifically subject to the provisions of Section 149 of the Act read with schedule IV and rules thereunder, as the case may be. Before appointment as an Independent Director, the Committee shall satisfy itself that the proposed person satisfies the criteria of independence as stipulated under Section 149(6) of the Act. The Committee shall ensure that no person shall be appointed or continue the directorship as a non-executive director who has attained the age of seventy-five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person. For every appointment of an Independent Director, the Committee shall evaluate the skills, knowledge and experience and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director, if required. The person recommended to the Board for appointment as an Independent Director shall have the capabilities as identified. For the purpose of identifying suitable candidates, the Committee may:
  - use the services of an external agencies, if required;
  - consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - consider the time commitments of the candidates.
6. No person shall be eligible to be appointed as a Director, if he is subject to any disqualifications as stipulated under the Act or any other law(s) for the time being in force.
7. Appointment of Directors on the Board of a Company shall be subject to the recommendation made by the Committee. However, the decision of the Board with respect to appointment of a Director shall be final.

8. Appointment of Managing Director and Whole-time Director shall be subject to the provisions of Sections 196, 197, 198 and 203 of the Act read with Schedule V and rules there under and such other applicable regulations.
9. A person shall not occupy position as a Managing Director/Whole-time Director beyond the age of seventy years, unless his/her appointment is approved by a special resolution passed by the Company in general meeting. No re-appointment shall be made earlier than one year before the expiry of the term.

#### **D. REMOVAL OF DIRECTORS, KMP AND SENIOR MANAGEMENT PERSONNEL:**

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.

#### **E. 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. Subject to applicable regulations, 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.

#### **F. EVALUATION:**

In terms of Section 178 and subject to Schedule IV of the Companies Act, 2013, the Committee shall specify the manner for effective evaluation of performance of Independent Directors, Board, its committees and other individual directors and review its implementation and compliance periodically (Yearly).

#### **G. MATTERS RELATING TO REMUNERATION OF DIRECTORS, KMP & SENIOR MANAGEMENT PERSONNEL:**

##### **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.

- b. The remuneration and commission to be paid to the Managerial Personnel shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
- c. Increments to the existing remuneration / compensation structure of Managerial Personnel may be recommended by the Committee to the Board.
- d. Where any insurance is taken by a company on behalf of its Directors and Officers 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.

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

**a. 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 wherever required.

**b. 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.

**c. 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 approval required under the Act, where required, he / she shall refund such sums to the Company, within two years or such lesser period as may be allowed by 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 approved by the Company by special resolution within two years from the date the sum becomes refundable.

- d. The remuneration to KMPs and Personnel of Senior Management and other employees shall be governed by the HR Policy of the company.

### **3. Remuneration to Non-Executive / Independent Director:**

#### **a. 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.

#### **b. 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, per meeting of the Board or Committee or such amount as may be prescribed under Companies Act, 2013.

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

#### **c. 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.

#### **d. Stock Options:**

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

## **H. REVIEW / REVISION OF POLICY:**

If at any point a conflict of interpretation / information between the Policy and any regulations, rules, guidelines, notification, clarifications, circulars, master circulars/ directions issued by relevant authorities (“Regulatory Provisions”) arises, then interpretation of the Regulatory Provisions shall prevail.

In case of any amendment(s) and/or clarification(s) to the Regulatory Provisions, the Policy shall stand amended accordingly from the effective date specified as per the Regulatory Provisions.