



POLICY ON NOMINATION AND REMUNERATION

INTRODUCTION:

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and other employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 as amended from time to time, this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (Committee) and has been approved by the Board of Directors.

OBJECTIVE AND PURPOSE OF THE POLICY:

The objectives and purpose of this policy are:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the Auto Component industry.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage. In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on 01 August, 2014.

EFFECTIVE DATE:

This policy shall be effective with retrospective effect from 01st April, 2014.

CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE:

The constitution of the Nomination and Remuneration Committee shall be as per following:



- The Committee shall comprise of at least three Directors.
- All members of the Committee shall be Non-Executive Directors.
- At least 50% of the members shall be Independent Directors.
- Chairperson of the Company, whether Executive or Non-Executive may be appointed as member of the Nomination and Remuneration Committee but shall not chair such Committee.
- The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirement.

DEFINITIONS:

- **"Board"** means Board of Directors of the Company.
- **"Directors"** means Directors of the Company.
- **"Committee"** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- **"Company"** means Shyama Power India Limited.
- **"Independent Director"** means a director referred to in Section 149 (6) of the Companies Act, 2013.
- **"Key Managerial Personnel (KMP)"** means –
 - a) Executive Chairman and/or Managing Director;
 - b) Whole-time Director;
 - c) Chief Financial Officer;
 - d) Company Secretary;
 - e) Such other officer, not more than one level below the Directors who is in whole-time employment, designated as Key Managerial Personnel (KMP) by the Board; and
 - f) Such other officer as may be prescribed.
- **"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) and shall specifically include company secretary and chief financial officer and respective HOD, as the case may be.

APPLICABILITY:

The Policy is applicable to;

- Directors (Executive and Non-Executive)
- Key Managerial Personnel
- Senior Management Personnel

GENERAL:

- This Policy covers the matters to be dealt with and recommended by the Committee to the Board, the appointment and nomination and; remuneration and perquisites etc.



- The key features of this policy shall be displayed on the website of the Company at <https://www.shyamapower.com/governance.php>

MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE COMMITTEE

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director. For every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the rote and capabilities required of an Independent Director.

The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

- a. use the services of an external agencies, if required;
- b. consider candidates from a wide range of backgrounds, having due regard to diversity and consider the time commitments of the candidates.
- c. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- d. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.
- e. Formulate criteria for evaluation of performance of Independent Directors and the Board of Directors.
- f. Formulate the criteria for devising a policy on diversity of Board of Directors.
- g. Decide that whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
- h. Recommend to the Board, all remuneration, in whatever form, payable to senior management.

POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

Criteria and qualifications for appointment:

1. 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.
2. A person should possess adequate qualification, 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.



3. The Company shall not appoint or continue the employment of any person as Whole time 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 item indicating the justification for extension of appointment beyond seventy years.

- **Termination:**

- 1. Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive 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.

- 2. Independent Director:**

An Independent Director shall hold office for a term up to five (5) 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.

- 3. Non-Executive Director:**

Non-Executive Director shall retire by rotation as below mentioned:

- The office of two third directors of total number of directors shall be determined by rotation at every Annual General Meeting held next after the date of Annual General Meeting in which such directors are appointed.
- One third of such two third number of directors shall be liable to retire from the office of director on the Board of Directors of the Company,
- The directors to retire by rotation shall be in multiple of three, if not, then the number nearest to one third, shall retire from office.
- The directors who have been longest in office since their last appointment shall be liable to retire by rotation, if in any case, appointment of directors on the same day, the retirement by rotation shall be determined by lot among themselves.
- The office of Independent Director, Additional Director and Nominee Director shall not be determined by rotation.

- **Evaluation:**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel as and when required.



Mechanism for evaluating non-executive Board members:

The performance evaluation of non-executive members is done by the Board annually based on the criteria of attendance and contributions at Board/Committee Meetings as also for the role played other than at Meetings.

- **Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, 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, rules and regulations.

- **Retirement:**

The Director, KMP and Senior Management Personnel 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, Senior Management Personnel in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

- **General:**

- The remuneration/compensation/commission etc., to the Chairman and Managing Director or Joint Managing Director, KMP and Senior Management 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.
- The remuneration and commission to be paid to the Chairman and Managing Director or Joint Managing Director, if any shall be in accordance with the percentage/ slabs/ conditions laid down as per the provisions of the Companies Act, 2013, and the rules made thereunder.
- 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 Whole-time Director(s).
- Where any insurance is taken by the Company on behalf of its Chairman and Managing Director, Joint Managing Director, 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.

Remuneration to Managing Director, Joint Managing Director, KMP and Senior Management Personnel:

➤ **Fixed pay:**

- The Managing Director, Joint Managing Director/KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee.
- The breakup of the pay scale and quantum of perquisites including employer's contribution to PS, 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.

1. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Chairman and Managing Director, Joint Managing Director 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 previous approval of the Central Government.

2. Provisions for excess remuneration:

If Chairman and Managing Director, Joint Managing Director 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.

➤ **Remuneration to Non-Executive/Independent Director:**

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 Rupees One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

Board's Diversity Policy

SPIL recognizes and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of variety of skills, regional and industry experience, background, race, gender and other distinctions between Directors. This will be considered in



determining the optimum composition of the Board and when possible, should be balanced appropriately.

All Board appointments, whenever required shall be made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective.

The Nomination and Remuneration Committee ("the Committee") shall review and assess Board composition on behalf of the Board and recommend the appointment of new Directors, whenever the need for the same arises.

In reviewing Board composition, the Committee will consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to enable it to discharge its duties and responsibilities effectively.

In identifying suitable candidates for appointment to the Board, the Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.