

# **POWERICA LIMITED**

## **NOMINATION & REMUNERATION POLICY**

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**1. PREAMBLE**

**Powerica Limited** (the “**Company**”) has formulated this Nomination and Remuneration Policy (“**Policy**”) to provide a framework for remuneration of members of the board of directors (the “**Board**”) of the Company, key managerial personnel, Senior Management and other employees of the Company.

This Policy is guided by the principles and objectives as enumerated in Section 178 (3) of the Companies Act, 2013 and the rules made thereunder, each as amended (the “**Act**”) and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**SEBI Listing Regulations**”), to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company.

This Policy reflects the remuneration philosophy and principles of the Company and considers the pay and employment conditions with peers / competitive market to ensure that pay structures are appropriately aligned.

**2. REMUNERATION OF NON-EXECUTIVE AND INDEPENDENT DIRECTORS**

- 2.1. Non-Executive and Independent Directors (“**NEDs**”) will be paid remuneration by way of sitting fees and commission. The remuneration / commission / compensation to the NEDs will be determined by the Nomination and Remuneration Committee (“**NRC**”) and recommended to the Board for its approval.
- 2.2. The Commission to the independent directors shall be paid at the discretion of the Board which is subject to the approval of the Shareholders.
- 2.3. The payment of the commission to the NEDs will be placed before the Board every year for its consideration and approval. The sitting fee payable to the NEDs for attending the Board and NRC meetings will be fixed, subject to the statutory ceiling. The fee will be reviewed periodically and aligned to comparable best in class companies.
- 2.4. NEDs will not be eligible to receive stock options under the existing employee stock option scheme(s) (“**ESOP**”) of the Company.
- 2.5. NEDs are entitled to be paid all travelling and other expenses they incur for attending to the Company’s affairs, including attending meetings of the Company.
- 2.6. The remuneration payable by the Company to NEDs shall be subject to the conditions specified in the Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

### **3. REMUNERATION OF EXECUTIVE DIRECTOR**

- 3.1 The compensation paid to the executive directors (including managing director) will be within the scale approved by the shareholders. The elements of the total compensation, approved by the NRC will be within the overall limits specified under the Act.
- 3.2 The elements of compensation of the executive director include the elements as described in paragraph 4 below.
- 3.3 The NRC will determine the annual variable pay compensation in the form of annual incentive and annual increment for the executive director based on Company's and individual's performance as against the pre-agreed objectives for the year.
- 3.4 The executive directors, except for a promoter director, will also be eligible for ESOPs as per the ESOP scheme in force from time to time. Grants under the ESOP scheme shall be approved by the NRC.
- 3.4 In case of inadequacy of profit in any financial year, the remuneration payable to the executive director shall be further subject to the relevant provisions of the Act.
- 3.5 Executive directors will not be paid sitting fees for any Board / committee meetings attended by them.
- 3.6 The remuneration payable by the Company to the executive directors shall be subject to the conditions specified in the Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

### **4. REMUNERATION TO KEY MANAGERIAL PERSONNEL / SENIOR MANAGEMENT AND OTHER EMPLOYEES**

- 4.1. The Company's total compensation for Key Managerial Personnel / Senior Management as defined under the Act / other employees will consist of:
- fixed compensation
  - variable compensation in the form of annual incentive
  - benefits
  - work related facilities and perquisites.
- 4.2. In addition, select senior executives will be eligible for long-term incentive plan in the form of ESOPs, as per the ESOP scheme in force from time to time. Grants under the ESOP scheme will be approved by the NRC.
- 4.3. Fixed compensation will be determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills, experience and performance of the employee. Fixed compensation will include basic salary, housing allowance, leave travel allowance and a cash allowance.

- 4.4. The annual incentive (variable pay) of executives will be linked directly to the performance of the Company.
- 4.5. Based on the grade and seniority of employees, benefits for employees include:
- Health-Related
  - Health (hospitalization) insurance
  - Accident and life insurance
  - Retirement-related
  - Contribution to a superannuation fund (in addition to statutory benefits such as provident fund account, gratuity, etc.)
- 4.6. Employees will also be eligible for work related facilities and perquisites as may be determined through human resources policies issued from time to time based on the grade of the employee.
- 4.7. A formal annual performance management process will be applicable to all employees, including senior executives. Annual increases in fixed and variable compensation of individual executives will be directly linked to the performance ratings of individual employee.
- Overall compensation shall be subject to periodic reviews which takes into account data from compensation surveys conducted by specialist firms, as well as factors such as affordability based on the Company's performance and the economic environment.
  - Employees may be eligible for ESOPs as per the ESOP scheme approved by the Shareholders and in force from time to time. The objective of the ESOP is to reward the Eligible Employees, for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Company.
  - Employees may be eligible for severance payments in accordance with the termination clause in their employment agreement subject to applicable regulatory requirements.

## **5. CRITERIA FOR APPOINTMENT OF DIRECTOR AND SENIOR MANAGEMENT**

The Committee shall consider the following factors for identifying the person who are qualified to becoming Director and who can be appointed in senior management:

5.1 The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director or at Senior Management level and recommend to the Board his / her appointment

5.2 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 are sufficient / satisfactory for the concerned position.

5.3 An independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.

5.4 The Company may appoint or continue the employment of any person as Whole- time Director who has attained the age of seventy years subject to the approval of shareholders by passing a special resolution. The explanatory statement annexed to the notice for such motion indicating the justification for appointing such person.

5.5 The Company should ensure that the person so appointed as Director/ Independent Director/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder, or any other enactment for the time being in force.

5.6 The Director/ Independent Director/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder, or under listing regulations or any other enactment for the time being in force.

5.7 Independent Director shall meet all criteria specified in Section 149(6) of the Companies Act, 2013 and rules made thereunder and/or as specified in Regulation 25 of the listing regulations.

The Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate(s).

## **6. COMMITTEE MEMBERS INTEREST**

- 6.1. A member of the NRC is not entitled to participate in the discussions when his/her own remuneration is discussed at a meeting or when his/her performance is being evaluated.
- 6.2. The NRC may invite such executives, as it considers appropriate, to be present at the meetings of the NRC.

## **7. ADOPTION, CHANGES AND DISCLOSURE OF INFORMATION**

- 7.1. This Policy and any changes thereof will be approved by the Board based on the recommendation(s) of the NRC.
- 7.2. This Policy may be reviewed at such intervals as the Board or NRC may deem necessary.
- 7.3. Such disclosures of this Policy as may be required under the Act and SEBI Listing Regulations may be made.

## **8. DISSEMINATION OF POLICY**

This Policy shall also be posted on the website of the Company and the details of this Policy, including the evaluation criteria, shall be mentioned in the Annual Report of the Company.