



India Nippon Electricals Ltd

Nomination & Remuneration Policy Guidelines

(As approved by the Board of Directors on 6th April 2019)

1) Introduction

This Policy defines the selection of Directors & remuneration guidelines and key terms of employment for Directors, Key Managerial Personnel, Senior Management and other employees of India Nippon Electricals Limited (the "Company") as required by the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations") and Section 178 of the Companies Act, 2013 and rules framed thereunder, along with any amendments thereto. This policy also lays down the principles of Board Diversity and shall be termed as "Nomination & Remuneration Policy Guidelines". The Board of the Company has adopted this Policy on the recommendations of the Nomination and Remuneration Committee (the Committee).

All words and expressions used in this Policy shall have the same meaning as defined in the SEBI Act, 1992, the Regulations and the Companies Act, 2013 and Rules made thereunder including any statutory modification or re-enactment thereto, as the case may be.

2) Role of the Committee

The Committee's Role shall be as required by the Regulations, Companies Act, 2013 and Rules made thereunder and such other roles that the Board may delegate.

3) Board Diversity & Familiarisation

The Committee, while considering candidates to fill up vacancies would seek to achieve diversity in experience, complementarity of skills with a balance in age and gender. The committee would also take steps to familiarize the directors so appointed with nature of the industry and business of the company.

4) Appointment of Independent Directors and their term

- (i) The age of Independent Directors, at the time of appointment/ re-appointment, shall not be more than 70 years. However, in exceptional cases, the Committee may recommend to the Board, the appointment/ re-appointment of Independent Directors who are above the age of 70 years with suitable rationale.
- (ii) The initial term of appointment of Independent Directors shall be for any period up to 4 years. Re-appointment for another term of up to 4 years shall be on the basis of recommendations of the Committee and approval of shareholders by special resolution. After two such terms, an Independent Director, after the cooling off period as per law, may be considered by the Committee for re-appointment, subject to fulfilling all the Statutory criteria.



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5) Appointment of Non- Executive Directors Nominated by Lucas Indian Service Limited (LISL) and Mahle Electric Drives Japan Corporation (Mahle) & their term

- (i) Non-Executive Non-Independent Directors, shall be appointed to the Board subject to the age limit as per Companies Act, the Regulations and in addition the Articles of Association of the Company.
- (ii) Both LISL and Mahle are entitled to appoint their representatives as Directors on the Board in line with the Articles of Association of the Company. The tenure of their appointment and the proportion of their representation on the Board of the Company and such other terms and conditions shall be as per the Articles of Association.
- (iii) Appointment of such Non-Executive Non-Independent Directors shall be subject to Compliance with the requirements of the SEBI Listing Regulations requirements and the requirements of Companies Act, 2013 and Rules made thereunder.

6) Appointment of Managing/ Whole-Time Director

- (i) Appointment of Managing Director/ Whole Time director shall be as per the Articles of Association of the Company which provides the right to appoint Managing Director/ Whole Time director to LISL so far as certain conditions specified are satisfied.
- (ii) Appointment of Managing/ Whole-Time Director shall be subject to other criteria with regard to age, qualifications and conditions laid down under the SEBI Listing Regulations, Companies Act, 2013 and Rules made thereunder.

7) Remuneration to Directors

- (i) All Non-executive directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings and commission as detailed hereunder:
 - a. sitting fees for each meeting of the Board or Committee of the Board attended by him of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and the Rules notified thereunder;
 - b. commission on an annual basis of such sum as may be approved by the Board, not exceeding the limits as specified under the Companies Act/ the Regulations, on the recommendation of the Committee. The Committee shall take into consideration factors like attendance, participation and contribution during meetings and such other parameters the Committee may deem fit for the purpose of deciding the quantum of commission to be paid to each Non-Executive Director.
- (ii) Remuneration of the Managing Director/ Whole Time Director may be fixed in accordance with the provisions of SEBI Listing Regulations, Companies Act, 2013 and



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Rules made thereunder, subject to approval of the Committee/ Board and Shareholders, as the case may be.

- (iii) Non-executive Directors may be compensated for services rendered which are professional in nature and in the opinion of the Committee such Director possesses requisite qualification for the practice of the profession. However, this shall not apply for an Independent Director.
- (iv) The Committee shall take into account all other provisions of the Regulations and Companies Act, 2013 and Rules notified thereunder before recommending any remuneration proposal/ revision for all the Directors.

8) Appointment & removal of Key Managerial Personnel (KMP) and Senior Management

- (i) The Board shall appoint and remove all KMPs based on the recommendation of the Committee by way of a resolution.
- (ii) All KMPs and Senior Management Personnel shall be issued a Letter of Appointment clearly setting out the terms and conditions of appointment which shall govern their term/ tenure/ increments/ evaluation criteria etc.

9) Remuneration to KMP and Senior Management

- (i) The committee authorizes the Chairman / Managing Director to evaluate the performance of the KMP and Senior Management Personnel at regular intervals applying suitable criteria as per the industry practice.
- (ii) The remuneration and other benefits to the KMPs shall be fixed by the Chairman / Managing Director and shall be placed before the Committee for recommendation to the Board. For Senior Management Personnel, the remuneration and other benefits shall be determined by the Chairman/ Managing Director based on suitable criteria as per the industry practice.



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A. Criteria of evaluation of the Board as a whole

a. Structure of the Board

- i. -Competency of directors
- ii -Experience of directors:
- iii -Mix of qualifications:
- iv -Diversity in Board under various parameters:
- v -Appointment to the Board:

b. Meetings of the Board

- i -Regularity of Meetings:
- ii -Frequency:
- iii -Logistics:
- iv -Agenda:
- v -Discussions and dissent:
- vi -Recording of minutes:
- vii -Dissemination of information:

C Functions of the Board

- i -Role and responsibilities of the Board:
- ii -Strategy and performance evaluation:
- iii -Governance and compliance:
- iv -Evaluation of risks:
- v -Grievance redressal for Investors:
- vi -Conflict of Interest:
- vii -Stakeholder value and responsibility:
- viii -Corporate Culture and Values
- ix -Review of Board evaluation:
- x -Facilitation of Independent directors:

d Board and management:

- i -Evaluation of performance of the management and feedback:
- ii -Independence of the management from the Board:
- iii -Access of the management to the Board and Board access to the management:
- iv -Secretarial support:
- v -Fund availability:
- vi -Succession plan:

B. Criteria of evaluation of the Committees of the Board

- a. -Mandate and composition:
- b. -Effectiveness of the Committee:
- c. -Structure of the Committee and meetings:
- d. -Independence of the Committee from the Board:
- e. -Contribution to decisions of the Board:



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C. Criteria of evaluation of Independent Directors

- a. Knowledge and Competency - of the company/industry etc.
- b. Fulfilment of functions - As assigned by the Board/Law
- c. Ability to function as a team
- d. Initiative
- e. Availability and Attendance
- f. Commitment
- g. Contribution in the Board meetings
- h. Integrity - In terms of interest disclosures, maintenance of confidentiality etc.
- i. Independence from the Company & Other Directors

- j. Independent view and free expression of opinion

D. Criteria of evaluation of Non- Independent Directors

- a. Knowledge and Competency - of the company/industry etc.
- b. Fulfilment of functions - As assigned by the Board/Law
- c. Ability to function as a team
- d. Initiative
- e. Availability and Attendance
- f. Commitment
- g. Contribution in the Board meetings
- h. Integrity - In terms of interest disclosures, maintenance of confidentiality etc.
- i. Effectiveness of leadership and ability to steer the meetings
- j. Impartiality
- k. Commitment
Ability to keep shareholders' interests in mind
