



# India Nippon Electricals Limited

## **NOMINATION & REMUNERATION POLICY**

### **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 under Regulation 19 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”.

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) Objectives**

The key objectives of the Policy are as follows:

- a. To formulate the criteria for determining qualifications, positive attributes and independence for appointment of a Director (Executive / Non-Executive) and recommend to the Board of Directors of the Company (the “Board”), policies relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
- b. To evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director considering candidates from a wide range of backgrounds, having due regard to diversity and time commitments of the candidates.
- c. To formulate criteria for evaluation of performance of Independent Directors and the Board.
- d. To devise a Policy on Board Diversity.
- e. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- f. To recommend to the board, all remuneration, in whatever form, payable to senior management.



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- g. To determine whether to extend or continue the term of appointment of the Independent Director(s), on the basis of the report of performance evaluation of Independent Directors.
- h. To ensure that 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.
- i. To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- j. To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.
- k. To perform such other functions as may be necessary or appropriate for the performance of its duties.

#### 4) Definitions

- a. "Act" means the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time.
- b. "Board" means the Board of Directors of the Company.
- c. "Directors" shall mean Directors of the Company.
- d. "Key Managerial Personnel" or "KMP" means -in relation to a Company as defined under sub-section 51 of Section 2 of the Companies Act, 2013, means and includes:
  - I. The Chief Executive Officer or the Managing Director or the Manager.
  - II. The Company Secretary.
  - III. The Whole-Time Director.
  - IV. The Chief Financial Officer.
  - V. Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
  - VI. Such other officer as may be prescribed under the Companies Act, 2013.
- e. "Senior Management" shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include President\*, Chief Technology Officer, Chief Financial Officer, Company Secretary and such other positions as decided by the Board from time to time.

\*President is the head of functions namely Marketing, Material, Quality, Production & Human Resources.



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- f. "Independent Director" means a director referred to in Section 149(6) of the Act.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Act and Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.

### 5) **Board Diversity & Familiarisation**

The Committee, while considering candidates to fill up vacancies would seek to achieve diversity in experience, and complementarity of skills with a balance in age and gender. The committee would also take steps to familiarize the directors so appointed with their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company through various programmes.

The details of such familiarization programs shall be disclosed on the Company's website and a web link thereto shall also be given in the Annual Report.

### 6) **Appointment and removal of Directors, KMPs and Senior Management Personnel**

#### **Appointment criteria and qualifications:**

- i. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or Senior Management Personnel and recommend to the Board his / her appointment.
- ii. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has the discretion to decide whether qualifications, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

#### **Appointment of Independent Directors and their term**

- i. The appointment, re-appointment or removal of an independent director shall be subject to the approval of shareholders by way of a special resolution.
- ii. No Independent Director shall hold office for more than two consecutive terms of up to maximum of 5 years each, 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.



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- iii. A person shall not serve as an Independent Director in more than seven listed entities and any person who is serving as a Whole Time Director/Managing Director in any listed entity shall not serve as an Independent Director in more than three listed entities.

### **Appointment of Non-Executive Directors**

- i. Lucas Indian Service Limited (“LISL”) is 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 Companies Act, the Regulations and the Articles of Association.
- ii. The Committee shall not recommend the appointment of a person or continue the directorship of any person 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.
- iii. The continuation of a director serving on the board of directors of a listed entity shall be subject to the approval by the shareholders in a general meeting at least once in every five years from the date of their appointment or reappointment, as the case may be.

### **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 LISL the right to appoint Managing Director/ Whole Time director so far as certain conditions specified are satisfied.
- ii. The Company shall appoint or re-appoint any person as its 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.
- iii. The Company shall not recommend or appoint or continue the employment of any person as the Managing Director, Whole-time director or Manager within the meaning of the Act, who has attained the age of 70 (Seventy) years. Provided that the appointment of such a person who has attained the age of 70 (Seventy) years shall be made with the approval of the Shareholders by passing a special resolution, based on the explanatory statement annexed to the notice for the Meeting of the Shareholders for such motion indicating the justification for appointment or extension of appointment beyond the age of 70 (Seventy) years.



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- iv. Any vacancy in the office of Chief Executive Officer, Managing Director, Whole Time Director or Manager shall be filled by the listed entity at the earliest and in any case not later than three months from the date of such vacancy.
- v. 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. The remuneration payable to the directors of a company, including any managing or whole-time director or manager shall not include remuneration paid 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. Independent Directors either by himself or through his relatives shall render legal or consulting services excluding services of a firm of auditors or company secretaries in practice or cost auditors to the Company, its holding, subsidiary or associate company not exceeding ten per cent of the gross turnover of such legal or consulting firm.
- iii. The fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if- (i) the annual remuneration payable to such executive director exceeds rupees 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or (ii) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity



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- iv. Independent directors shall not be entitled to any stock option.
- v. Remuneration of the Managing Director/ Whole Time Director may be fixed in accordance with the provisions of SEBI Listing Regulations, Companies Act, 2013 and Rules made thereunder, subject to approval of the Committee/ Board and Shareholders, as the case may be.
- vi. Minimum remuneration:  
If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its directors, including any managing or wholetime director or manager, or any other non-executive director, including an independent director in accordance with the provisions of Schedule V of the Companies Act, 2013.

### **8) Board Evaluation.**

The provisions relating to the performance evaluation of the Directors and the Board are as follows

- i. Nomination and Remuneration Committee to carry out evaluation of every Directors Performance.
- ii. Independent Directors to bring objective view in evaluation of performance of Board and Management
- iii. Performance evaluation of Independent Directors shall be done by entire Board of Directors excluding the Director being evaluated.
- iv. Disclosure in Board Report a statement indicating the manner in which formal annual evaluation of the performance has been made of Board, its Committees and of individual Directors

### **9) Appointment & removal of Key Managerial Personnel (KMP) and Senior Management**

- i. The Board shall appoint and remove all KMPs and Senior Management based on the recommendation of the Committee by way of a resolution.



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- 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.
- iii. Any vacancy in the office of the Compliance Officer and Chief Financial Officer shall be filled by the listed entity at the earliest and in any case not later than three months from the date of such vacancy.

### **10) 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 and Senior Management shall be determined by the Chairman / Managing Director and shall be placed before the Committee for recommendation to the Board.
- iii. The remuneration to 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

### **11) Policy review and amendment**

This Policy is framed based on the provisions of the Act and the rules thereunder and the requirements of Listing Regulations with the Stock Exchanges.

In case of any subsequent changes in the provisions of the Act or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

This policy shall be reviewed by the Nomination and Remuneration Committee, periodically. Any changes or modification to the policy as recommended by the Committee would be placed before the Board of Directors for their approval.

<b>Version</b>	<b>Approved by</b>	<b>Date</b>
Version 1	Board of Directors	06 <sup>th</sup> April 2019
Version 2	Board of Directors	14 <sup>th</sup> February 2023
Version 3	Board of Directors	13 <sup>th</sup> February 2024