



**S. E. POWER LIMITED**  
Reg. Off.: Survey No. 54/B, Pratapnagar  
Jarod-Savli Road, Samlaya Vadodara-391520  
CIN: L40106GJ2010PLC091880

# **NOMINATION AND REMUNERATION POLICY**

Updated on 24<sup>th</sup> May, 2019

### **Nomination and Remuneration Policy**

[Pursuant to Section 178 (3) of the Companies Act, 2013  
and Regulation 19 (4) of SEBI  
(Listing Obligations and Disclosures Requirements) Regulations, 2015]

#### **1. Preamble**

In terms of Section 178 of the Companies Act, 2013 and the Listing Regulations, this Nomination and Remuneration Policy relating to nomination and remuneration of Directors, Key Managerial Personnel (KMP), and other employees of the Company has been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors.

#### **2. Definitions**

“**Act**” means the Companies Act, 2013, Rules framed thereunder and any amendments thereto.

“**Board**” means the Board of Directors of the Company or its Committee.

“**Company**” means S. E. Power Limited.

“**Key Managerial Personnel (KMP)**” means Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and rules made thereunder.

“**Policy**” or “**this Policy**” means Policy on Nomination and Remuneration Policy .

“**Regulations**” or “**SEBI (LODR) Regulations, 2015**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015.

“**Senior Management**” shall mean officers/personnel of the listed entity 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 chief executive officer/manager not part of the board) and shall specifically include company secretary and chief financial officer.

All other words, terms and expressions used but not defined in this policy, shall have the same meaning as respectively assigned to them in SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 or the Companies Act, 2013 or rules and regulations made thereunder, or any statutory modification or re-enactment thereto, as the case may be.

### 3. Scope

This policy shall act as a guideline for determining, independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial other employees.

### 4. Objective

The Nomination and Remuneration Committee and this Policy shall be in compliance with the Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 of SEBI (LODR) Regulations, 2015. The key objective of the Committee and this Policy are:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To lay down the criteria for evaluation of performance of members of Board, Key Managerial and Senior Management Personnel and provide necessary report to the Board for further evaluation.
- To device a policy on Board diversity.
- To lay down the criteria and terms & conditions in relation to identifying persons who are qualified to become Directors and who may be appointed in Senior Management.
- To lay down the criteria for determining the qualifications, positive attribute and independence of a Director and to determine remuneration of Directors, Key Managerial and Senior Management Personnel and other employees.
- To ensure long term sustainability of talented Managerial Persons and create competitive advantage.

In the above context the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors of the Company.

### 5. Nomination and Remuneration Committee

#### ➤ Constitution of Committee

- The Committee shall consist of three or more non-executive directors out of which not less than one half shall be Independent Directors.
- The Chairman of the Company (whether executive or non-executive) may be appointed as a member of the Committee but he cannot be act as Chairman of the Committee.

- Chairman of the Committee shall be Independent Director.
- Meeting of Committee
  - The Committee shall meet at least once in a year to carry out the objectives set out in the policy.
  - The quorum for a meeting of the Committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one Independent Director in attendance..
  - The Committee shall have the authority to call the employee(s), senior official and/or external person(s), as it deem fit.
  - The Company Secretary of the Company shall act as Secretary to the Committee.
- Role of Committee

Role of Committee shall *inter alia* include the following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

The Committee shall, while formulating the remuneration policy, ensure that-

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors;
  - b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
  - c) long term sustainability of talented managerial persons and create competitive advantage.
- Formulation of criteria for evaluation of performance of Independent Directors and the Board;
  - Devising a policy on Board diversity;
  - Identifying 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;

- Review of remuneration of Directors, Key Managerial and Senior Management.
- Recommend to the Board, all remuneration, in whatever form, payable to senior management.
- Recommend to the Board on any other employment incentives as the Committee deems it appropriate in the interest of the Company;
- The Committee shall assist the Board in ensuring that plans are in place for orderly succession for appointments to the Board and to Senior Management;
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

The Chairman of the Committee could be present at the Annual General Meeting, to answer the shareholders' queries. However, it would be up to the Chairman to decide who should answer the queries.

#### **6. Applicability**

This Policy is applicable to:

1. Directors of the Company (Executive, Non-Executive and Independent)
2. Key Managerial Personnel
3. Senior Management Personnel
4. Other Employees of the Company, as applicable.

#### **7. Policy for appointment and removal of Director, KMP and Senior Management**

Enhancing the competencies of the Board and attracting as well as retaining talented employee for role of KMP/ a level below KMP are the basis for the Nomination and Remuneration Committee to select the Candidate for recommend to the Board. When recommending a candidate for appointment, the Nomination and Remuneration Committee shall have regard to:

##### **Criteria and Qualification**

- 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.

- 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.

Appointment of Independent Directors is subject to Companies Act, 2013, read with schedule IV and rules made thereunder.

- Appointment of Managing/Whole Time Directors is subject to Companies Act, 2013, read with schedule V and rules made thereunder.

### Terms/ Tenure

- Managing Director/Whole Time Director:

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 of re-appointment shall be made earlier than one year before the expiry of term.

- Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of Directors 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.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after the expiry of the 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.

At the time of appointment of Director, it should be ensured that they should not serve as Director in more than seven listed companies. However, in case such person is serving as a Whole Time Director/Managing Director in any listed Company then the number of Boards on which such person serves as Independent Director is restricted to three listed Companies.

- Disqualifications for Appointment of Directors Pursuant to section 164 of the Companies Act, 2013,

1. A person shall not be eligible for appointment as a director of a company if:

- He is of unsound mind and stands so declared by a competent court;
- He is an un discharged insolvent;

- He has applied to be adjudicated as an insolvent and his application is pending;
- He has been convicted by a court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence:

Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a Director in any company;

- An order disqualifying him for appointment as a director has been passed by a court or Tribunal and the order is in force;
- He has not paid any calls in respect of any shares of the company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call;
- He has been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years; or
- He has not complied with sub-section (3) of section 152.

2. No person who is or has been a director of the Company which:

- Has not filed financial statements or annual returns for any continuous period of three financial years; or
- Has failed to repay the deposits accepted by it or debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more,

shall be eligible to be re-appointed as a Director of that Company or appointed in other Company for a period of 5 years from the date on which the said company fails to do so.

➤ Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval.

➤ Removal

Due to any disqualification mentioned in the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and any other applicable statutes, 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 said statute.

➤ Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013/Other Statutes 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.

**8. Policy relating to the Remuneration for Director, KMP and Senior Management**

- The remuneration / compensation / profit-linked commission etc. to the Executive Directors and Independent Directors will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / profit-linked commission etc. shall be in accordance with the percentage/ slabs/conditions laid down in the Articles of Association of the Company, Companies Act, 2013 or provisions of any other applicable Statute and shall be subject to the post/ prior approval of Shareholders of the Company and/or Central Government, whenever required.
- As regards the remuneration of KMP, Senior Management Personnel and other employees, the determination shall be effected by way of recommendation made by Principal-HR and/ or by the Chief Financial Officer with requisite details. The Committee shall peruse the same and approve accordingly.
- Increments to the existing remuneration / compensation structure may be recommended by the Nomination and Remuneration Committee to the Board which should be within the slabs as approved by the Shareholders in the case of Managing/Whole-time Director.
- Where any insurance is taken by the Company on behalf of its Managing/ Whole-time Director, Chief Executive Officer, Chief Financial Officer, 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.



- The Managing/Whole-time Director shall be eligible for monthly remuneration or at a specified percentage of the net profits of the Company or partly by one way and partly by other way as may be approved by the Shareholders of the Company on the recommendation of the Committee and the Board of the Directors. The break-up of the pay scale, performance bonus and quantum of perquisites including, employer's contribution to P.F., pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and shall be within the overall remuneration approved by the shareholders and Central Government, wherever required.
- If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Directors in accordance with the provisions of the Companies Act, 2013 and if it is not able to comply with such provisions, then with the previous approval of the Central Government.
- The Non-Executive/Independent Director may receive sitting fee for attending the meeting of Board of Directors or Committee thereof as may be decided by Board of Directors on the recommendation of Nomination and Remuneration Committee, which shall be subject to applicable provisions of the Act, Rules and Regulations.
- The Independent Director shall not be entitled to any stock option of the Company. However, commission may be paid within the monetary limit approved by the shareholders of the Company, subject to limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of Act.
- If any 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, then such Director 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.

## **9. Disclosures in Board's Report**

Unless otherwise provided/permitted under the applicable laws, the Company shall made following disclosures, in relation to remuneration of Director, KMP, Senior Management or other employee, in the Board's Report:

- The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year;
- The percentage increase in remuneration of each Director, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

- The percentage increase in the median remuneration of employees in the financial year;
- The number of permanent employees on the rolls of Company;
- Average percentile increase already made in the salaries of employee other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof, pointing out if there are any exceptional circumstances for increase in the managerial remuneration;
- Affirmation that the remuneration is as per the remuneration policy of the Company;
- A statement showing the name and other details of every employee of the Company, who:
  - i) If employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees;
  - ii) If employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month;
  - iii) If employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing Director or Whole-time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company.
- Any other disclosure(s) and statement(s) as prescribed in applicable laws, if any.

#### **10. Dissemination**

The requisite details of the Policy to be disclosed in the Annual Report as part of Board's Report therein or upload on the website, as per provisions of applicable legal requirement.

#### **11. Policy review**

This policy shall be reviewed from time to time so that the policy remains compliant with the applicable legal requirements.



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**12. Amendment**

The Board shall have power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy according to subsequent modification(s) / amendment(s) to applicable laws.