

AMALGAMATED ELECTRICITY COMPANY LIMITED

NOMINATION AND REMUNERATION POLICY

Preamble:

As per Section 178 of the Companies Act, 2013 read along with applicable rules thereto (the "Act"), and Regulation 19 read with Part D of Schedule II of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("**SEBI LODR Regulations**").

The Board of Directors of every listed Company shall constitute the Nomination and Remuneration Committee. The Board of Directors of the Company ("the Board") constituted the committee to be known as Nomination and Remuneration Committee constituting of three or more non-executive directors out of which atleast two-third shall be independent directors. The Chairman of the Committee shall be an Independent Director. However, the Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such committee. This policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management 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.

As per the provisions of the Act and the SEBI LODR Regulation, the nomination and remuneration committee of the Board shall lay appropriate criteria for selection of Directors, Key Managerial Personnel and Senior Management and formulate appropriate policy for payment of equitable remuneration to them.

Accordingly, the Board of Directors of the Company has adopted the policy for nomination and remuneration (the "**Policy**").

Objective:

The Key objective of the Committee would be:

- a) To assist Nomination and Remuneration Committee (NRC) in identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its Committees and individual directors to be carried out by the Board or the Nomination & Remuneration Committee or by an Independent External Agency and review its implementation and compliance;
- b) To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;

- c) To ensure that level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- d) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- e) Remuneration to directors, 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 and recommend to the Board, all remuneration, in whatever form, payable to senior management;
- f) To devise a policy on diversity of Board Directors.

Definition:

- i. **“Board”** means Board of Directors of the Company.
- ii. **“Company”** means “Amalgamated Electricity Company Limited”.
- iii. **“Directors”** means a director appointed to the Board of a Company.
- iv. **“Executive Directors”** means Whole-time Directors of the Company.
- v. **“Independent Director” means** a director referred to in Section 149 (6) of the Companies Act, 2013.
- vi. **“Key Managerial Personnel” (KMP) means -**
 - a. Chief Executive Officer or the Managing Director or the Manager,
 - b. Company Secretary,
 - c. Whole-time Director,
 - d. Chief Financial Officer and
 - e. Such other officer as may be prescribed.

“Nomination and Remuneration Committee” shall mean a Committee of the Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the SEBI LODR Regulations.

- vii. **“Policy or This Policy”** means “Nomination and Remuneration Policy”.
- viii. **“Remuneration”** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income- tax Act, 1961.
- ix. **“Senior Management”** means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of

management one level below the executive directors, including all the functional heads.

Interpretation:

Unless the context otherwise requires, words, terms and expressions that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, SEBI LODR Regulations and/or any other SEBI Regulation(s) as amended from time to time.

Role of the Committee

The role of the Committee *inter-alia* will be the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, Key Managerial Personnel and other employees.
2. Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors.
3. Devising a policy on diversity of Board of Directors.
4. 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 of Directors their appointment and removal.
5. 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.
6. Discharge such other function(s) or exercise such power(s) as may be delegated to the Committee by the Board from time to time and make reports to the Board as appropriate.
7. Such other work and policy related and incidental to the objectives of the committee as per provisions of the Act and rules made there under.

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

1. Appointment Criteria and Qualifications:

- a) 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.
- b) 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.
- c) 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 motion indicating the justification for extension of appointment beyond seventy years.
- d) 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.

2. Term/ Tenure:

a) 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.

b) Independent Director:

An Independent Director shall hold officer for a term up to five 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.

Further 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 their capacity, either directly or indirectly.

Further at the time of appointment of Independent Director, it should be ensured that number of Board on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

3. Evaluation:

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

4. Removal:

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

5. Retirement:

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act 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 FOR REMUNERATION TO DIRECTORS/ KMP/ SENIOR MANAGEMENT PERSONNEL

1. Remuneration to Managing/Whole-time/ Executive/ Managing Director, KMP and Senior Management Personnel:

The Remuneration/ Compensation / Commission etc. to be paid to Director/ Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

2. Remuneration to Non- Executive/ Independent Director:

The Non-Executive Independent Director may receive remuneration/ compensation/ commission as per the provisions of Companies Act, 2013. The amount of sitting fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

EVALUATION OF THE DIRECTORS

Following criteria of evaluation of performance may assist in determining how effective the performances of the Directors have been:

- a) Executive Directors- The Executive Directors shall be evaluated on the basis of targets/Criteria given to executive Directors by the Board from time to time.
- b) Non-Executive Director- The Non-Executive Directors shall be evaluated on the basis of the following criteria i.e., whether they:
 - i. act objectively and constructively while exercising their duties;
 - ii. exercise their responsibilities in a bona fide manner in the interest of the Company;
 - iii. devote sufficient time and attention to their professional obligations for informed and balanced decision making;
 - iv. do not abuse their position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
 - v. refrain from any action that would lead to loss of his independence inform the Board immediately when they lose their independence,
 - vi. assist the Company in implementing the best corporate governance practices.
 - vii. strive to attend all meetings of the Board of Directors and the Committees;
 - viii. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
 - ix. strive to attend the general meetings of the Company;
 - x. keep themselves well informed about the Company and the external environment in which it operates;
 - xi. do not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
 - xii. moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.
 - xiii. abide by Company's Memorandum and Articles of Association, Company's policies and procedures including code of conduct, insider trading etc.

Additionally, for the evaluation/assessment of the performances of Managing Director(s)/Whole Time Director(s) of the Company, following criteria may also be considered:

- a) Leadership abilities.
- b) Communication of expectations & concerns clearly with subordinates.
- c) Direct, monitor & evaluate Key Managerial Personnel, senior officials.

Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/Non-Independent Directors in a separate meeting of the Independent Directors.

The Executive Director /Non-Independent Directors along with the Independent Directors will evaluate /assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion.

POSITIVE ATTRIBUTES OF DIRECTORS (INCLUDING INDEPENDENT DIRECTORS)

The following are some of the positive attributes of Directors (including Independent Directors) to be considered by the Committee -

- a) Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.
- b) Actively update their knowledge and skills with the latest developments in the banking sector and applicable legal provisions.
- c) Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities.
- d) To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
- e) Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.
- f) To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees.
- g) Independent Directors to meet the requirements of the Companies Act, 2013 read with the Rules made thereunder and Clause 49 of the Listing Agreement entered into with the Stock Exchanges, as amended from time to time.

DISCLOSURES

1. Nomination and Remuneration Policy shall be placed on the website of the Company and the salient features of the policy and changes therein, if any, along with the web address of the policy shall be disclosed in the Board's Report. (Provision to Section 178(4) of the Act)
2. Company shall disclose the Criteria for performance evaluation of Independent Directors, as laid down by Nomination Committee, in its Annual Report. (Regulation 34 read with Schedule V of SEBI LODR Regulations)

REVIEW AND AMENDMENT

The Nomination and Remuneration Committee or the Board may review the Policy as and when it deems necessary.

The Nomination and Remuneration Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy. If it thinks necessary.

This Policy may be amended or substituted by the Nomination and Remuneration Committee or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.