

Crompton
NOMINATION AND REMUNERATION
POLICY

**CROMPTON GREAVES CONSUMER
ELECTRICALS LIMITED**

**NOMINATION AND
REMUNERATION POLICY**

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1. PRELUDE AND LEGAL FRAMEWORK

Section 178 of the Companies Act, 2013 (“the Act”) and the provisions of Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (“the Listing Regulations”) require the Nomination and Remuneration Committee (“NRC”) of the Board of Directors of every listed company, among other classes of companies, to:

- NRC shall identify 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 either by the Board, by the NRC or by and independent external agency and review its implementation and compliance.
- NRC shall 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.
- NRC shall, while formulating the policy 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;
 - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - 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.
- For every appointment of an independent director, 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. For the purpose of identifying suitable candidates, the Committee may:
 - a. use the services of an external agencies, if required;
 - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c. consider the time commitments of the candidates
- Formulation of criteria for evaluation 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. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.
- To recommend to the board, all remuneration, in whatever form, payable to senior management.

This Policy is divided into 3 parts:

- **Part – A** covers matters to be dealt with and recommended by the Committee to the Board;
- **Part – B** covers appointment and nomination; and
- **Part – C** covers remuneration and perquisites etc.

This policy shall be included in the Report of the Board of Directors and shall also be displayed on the website of the Company at <https://www.crompton.co.in> .

For the purpose of this Policy, unless the context otherwise requires, the words “he,” “his”, “him” or “himself” shall be interpreted to include “she,” “her” or “herself”.

2. PART A - MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE

The following matters shall be dealt by the NRC:

(a) Size and composition of the Board:

Periodically reviewing the size and composition of the Board to ensure that it is structured to make appropriate decisions.

(b) Directors/KMP/Senior Management:

Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommending candidates to the Board.

➤ Qualifications for appointment of Directors (including Independent Directors):

- Persons of eminence, standing and knowledge with significant achievements in business, professions and/or public service.
- Their financial or business literacy/skills.
- Their industry experience.
- Appropriate other qualification/experience to meet the objectives of the Company.

- Persons whose name is included in the data bank as per Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

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

➤ **Positive attributes of Directors (including Independent Directors):**

- Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.
- Actively update their knowledge and skills with the latest developments in the industry, market conditions and applicable legal provisions.
- Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities
- 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.
- 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.
- To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees
- Independent Directors to meet the requirements of the Companies Act, 2013 read with the Rules made there under and SEBI LODR as amended from time to time.

➤ **For appointment of KMP/Senior Management:**

- To possess the required qualifications, experience, skills and expertise to effectively discharge their duties and responsibilities.
- To practice and encourage professionalism and transparent working environment.
- To build teams and carry the team members along for achieving the goals/objectives and corporate mission.
- To adhere strictly to code of conduct

(c) Succession plans:

Establishing and reviewing Board and senior management succession plans.

(d) Evaluation of performance:

Make recommendations to the Board on appropriate criteria for evaluation of every director's performance.

(e) Board diversity:

Devising a policy on diversity of the Board of Directors.

(f) Remuneration framework and policies:

The Committee is responsible for reviewing and making recommendations to the Board on:

- the remuneration of the Managing Director, Whole-time Directors, KMPs and Senior Management.

Explanation - "Senior Management" includes officers/personnel of the Company who are members of its core management team excluding Board of Directors and shall comprise of all members of management one level below the Chief Executive Officer/Managing Director/Whole-time Director and shall specifically include Company Secretary and Chief Financial Officer.

For the purpose of above definition: 'members of management one level below' shall mean Business Head(s) and Functional Head(s) reporting to Chief Executive Officer/Managing Director/Whole-time Director.

- the total remuneration of Non-Executive Directors and for individual remuneration to Non-Executive Directors and the Chairman, including any additional fees payable for membership of Board committees.

3. PART B - APPOINTMENT AND REMOVAL OF DIRECTORS, KMPS AND SENIOR MANAGEMENT

- **Appointment criteria and qualifications**

1. The Committee shall identify and ascertain, qualification, expertise and experience of the person for appointment as Director, KMP or senior management level and recommend to the Board his/her appointment.
2. The Company shall not appoint or continue the employment of any person as Whole-Time Director or Manager other than the Managing Director who has attained the age of sixty years.
3. A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of the Company.
4. A director shall not be a member in more than ten committees or act as chairperson of more than five committees across all listed entities in which he is a director, which shall be determined as follows:

- The limit of the committees on which a director may serve in all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 shall be excluded;
- For the purpose of determination of limit, chairpersonship and membership of the Audit Committee and the Stakeholders' Relationship Committee alone shall be considered.

- **Term/Tenure**

1. Managing Director/Whole-time Director

The Company shall appoint or re-appoint any person as its Managing Director and CEO or Whole-time 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.

The Executive Directors shall not be appointed as Non-Executive Directors after retirement.

2. Independent Director

An Independent Director shall hold office 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.

No Independent Director shall hold office for more than two consecutive terms, 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. However, if a person who has already served as an Independent Director for five years or more in the Company as on April 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he/she shall be eligible for appointment for one more term of five years only.

At the time of appointment of Independent Director, it should be ensured that number of Boards 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 (Executive) Director of a listed company.

- **Removal**

Due to reasons for any disqualification mentioned in the Act and rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director or KMP subject to the provisions and compliance of the said Act, rules and regulations.

- **Retirement**

The retirement age for the Executive Directors shall be 60 years.

The Managing Director will retire at the end of two (2) terms of maximum five (5) years each or when he attains the age of 65 whichever happens earlier, provided that in the case of the incumbent Mr. Shantanu Khosla, retirement will be at the end of the second term.

The Key Managerial Personnel (“KMP”) and senior management personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Executive Directors, KMP and senior management personnel in the same position/ remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

All the Non-Executive Directors including the Independent Director and Chairperson of the Company shall retire at the age of 75 years.

4. PART C - REMUNERATION FOR DIRECTORS, KMPS AND SENIOR MANAGEMENT

1. The remuneration/compensation/commission etc. to Directors will be determined by the Committee and recommended to the Board for approval.
2. The remuneration and commission to be paid to the Managing Director shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.
3. Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managing Director.
4. Where any insurance is taken by the Company on behalf of its Managing Director, Chief Financial Officer, the Company Secretary 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.
5. The remuneration to KMPS shall be decided and recommended by the NR Committee and approved by the Board of Directors.

6. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.
7. The remuneration payable to each Non-Executive Director(s) is based on the remuneration structure as determined by the Board, and is revised from time to time, depending on individual contribution, the Company's performance, and the provisions of the Companies Act, 2013 and the rules made thereunder.
8. The remuneration to the Non-Executive Directors (including Independent Directors) may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.
9. The Independent Directors shall not be entitled to any stock option of the Company.

5. DISCLOSURES

This policy shall be disclosed in the Board Report.

6. EFFECTIVE DATE

This policy was first approved by the Board of Directors on April 7, 2016 and has been amended on March 27, 2019, May 15, 2020, January 28, 2022 and now amended on February 2, 2023 is effective from February 2, 2023.

7. CONTACT PERSONNEL

For queries related to this Policy, please write to us at: secretarial@crompton.co.in

8. LIMITATION AND AMENDMENT

The Board of Directors may in their discretion and on recommendation of the NR committee, make any changes/modifications and/or amendments to this Policy from time to time.

Requirements with respect to quorum, notice of meeting, documentation, etc. shall be in conformity with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government, unless expressly stated otherwise.

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over and automatically be applicable to this Policy and the relevant provisions of the Policy would be amended/modified in due course to make it consistent with the law.

End of Policy
