



**CHARTERED SPEED LIMITED**

**NOMINATION AND REMUNERATION POLICY**

**ADOPTED AT THE BOARD MEETING HELD ON 10-09-2018**

## **NOMINATION AND REMUNERATION POLICY**

### **1. PREFACE**

With reference to the Company's efforts to consider human resources as its valuable assets, to pay equitable remuneration to all Executive Directors, Key Managerial Personnel ("KMPs") and Employees of the Company; to harmonize the aspirations of the human resources consistent with goals of the Company and pursuant to Companies Act, 2013, the Policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors on 10<sup>th</sup> September, 2018.

### **2. NOMINATION AND REMUNERATION COMMITTEE**

Pursuant to Section 178 of the Companies Act 2013, the Board of Directors has constituted Nomination and Remuneration Committee ("NRC" or "the Committee") consisting of three non-executive directors out of which not less than one-half are Independent Directors. The Chairman of the Committee is an Independent Director.

### **3. POLICY OBJECTIVES:**

The objective of this policy is to lay down a framework in relation to remuneration of directors, KMP, senior management personnel and other employees. The Key Objectives of the Committee would be:

- (a) Guidance the Board in relation to appointment or removal of Directors, Key Managerial Personnel and Senior Management.
- (b) Formulation of criteria for determining qualifications, experience, positive attributes and independence of Directors.
- (c) Formulation of Policy regarding remuneration of Directors, KMPs, Senior Management Personnel.
- (d) Formulation of criteria for evaluation of Independent Director and evaluation of performance of the Board.
- (e) Recommendation to the Board regarding remuneration payable to the Executive Directors, KMPs, and Senior Management.

### **4. SCOPE OF THE POLICY:**

The Policy is applicable regarding appointment and remuneration in case of:

- (a) Executive Directors
- (b) Key Managerial Personnel (KMPs)\*
- (c) Senior Management Personnel

\* "Key Managerial Personnel" means:

- Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- Chief Financial Officer;
- Company Secretary; and
- Such other officers as may be prescribed.

**5. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR/S, KMPS, AND SENIOR MANAGEMENT:**

**Appointment criteria and qualifications:**

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person proposed to be appointed as Director, KMP or Senior Managerial Personnel and recommend to the Board his/ her appointment.

A person should possess adequate qualification, expertise and experience for the position for which appointment is considered. The Committee has discretion to decide whether qualification, expertise and experience possessed by the person is sufficient as per the requirement of the concerned position.

The Company shall not appoint or continue employment of any person as a Whole-time Director who has attained the age of seventy years provided that the term of person holding this position may be extended beyond the age of seventy years with the approval of the shareholders by passing a special resolution based on the justification stating reasons/ clarification for extension of appointment beyond seventy years.

**6. TERM/ TENURE OF APPOINTMENT:**

**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.

The Company shall not appoint or continue employment of any person as Whole-time Director who has attained the age of seventy years provided that the term of person holding this position may be extended beyond the age of seventy years with the approval of the shareholders by passing a special resolution based on the justification stating reasons/ clarification for extension of appointment beyond seventy years.

**b) Independent Director:**

- An Independent Director shall hold office for a term up to maximum of 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 of up to maximum of 5 (five) 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.

- 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 Director of a listed company or such other number as may be prescribed under the Act.

**c) Evaluation**

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

**d) Removal**

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

**e) 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.

**7. REMUNERATION TO DIRECTORS/ KMPs/ SENIOR MANAGEMENT PERSONNEL**

**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 the provisions of the Companies Act, 2013 and the rules made thereunder or any other enactment for the time being in force.

**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.

**8. DUTIES IN RELATION TO NOMINATION MATTERS**

**Duties and responsibilities of the Committee:**

The duties of the Committee in relation to nomination matters include:

- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- Identifying and recommending Directors who are to be put forward for retirement by rotation;
- Determining the appropriate size, diversity and composition of the Board;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;

- Recommend any necessary changes to the Board; and
- Considering any other matters, as may be requested by the Board.

The duties of the Committee in relation to remuneration matters include:

- Considering and determining the Remuneration Policy, based on the performance reasonable and sufficient to attract, retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- Approving the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee.
- Considering any other matters as may be requested by the Board.

**Review and Amendments:**

- i. The NRC or the Board may review the Policy as and when it deems necessary.
- ii. The NRC may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
- iii. This Policy may be amended or substituted by the NRC or by the Board as and when required and also by the Compliance Officer where there are any statutory changes necessitating the change in the policy.