



BGR ENERGY SYSTEMS LIMITED

NOMINATION AND REMUNERATION POLICY

1. INTRODUCTION

This Policy is framed as per the requirements of Regulation 19(4) read with Part D of Schedule II of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any modification(s) / amendment(s) / re-enactment(s) thereof] ("**Listing Regulations**") and in terms of Section 178 of the Companies Act, 2013 ("**Act**"). In case of any inconsistency between the provisions of law and this Policy, the provisions of the above stated law shall prevail, and the Company shall abide by the applicable law. The Policy is intended to set out a framework for nomination, evaluation, and remuneration of members of the Board of Directors, and Senior Management Personnel of the Company. This Policy reflects the remuneration philosophy and principles of the Company and considers the pay and employment conditions with peers / competitive market to ensure that pay structures are appropriately aligned.

2. OBJECTIVES

The objectives and purpose of this Policy are:

- a. To set criteria for determining qualifications, positive attributes and independence of a director, and remuneration of the KMPs and Senior Management Personnel.
- b. To enable the Company to attract, retain and motivate highly qualified members for the Board and other executive level to run the Company successfully.
- c. To enable the Company to provide a well-balanced and performance-related remuneration, considering shareholder interests, industry standards and relevant statutory regulations.
- d. To ensure that remuneration to directors, KMP and Senior Management Personnel of the Company 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.

3. APPLICABILITY

This Policy shall be applicable to all members of the Board, KMPs and Senior Management Personnel of the Company.

The Policy shall become effective from the approval of the Board.

4.DEFINITIONS

- i. **"Board"** or **"Board of Directors"** shall mean the board of directors of the Company.
- ii. **"Company"** shall mean BGR ENERGY SYSTEMS LIMITED
- iii. **"Director"** means a director appointed to the Board of the Company.
- iv. **"Nomination and Remuneration Committee"** or **"Committee"** means the committee constituted by Board of the Company in accordance with the provisions of Section 178 of the Act and Regulation 19 of the Listing Regulations.
- v. **"Independent Director"** means a director referred to in sub-section (6) of Section 149 of the Act and Regulation 16 of the Listing Regulations.
- vi. **"Key Managerial Personnel"** or **"KMP"** shall include the following
 - a. Managing Director or Chief Executive Officer or Manager
 - b. Whole-time Director
 - c. Company Secretary
 - d. Chief Financial Officer
 - e. Any other person as defined under the Act from time to time.
- vii. **"Policy"** shall mean this Nomination and Remuneration Policy.
- viii. **"Senior Management Personnel"** 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 the functional heads, by whatever name called and the persons identified and designated as key managerial personnel, other than the board of directors, by the listed entity

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

5.POLICY

This Policy is divided in three parts:

Part – A: Covers the matters to be dealt with and recommended by the Committee to the Board;

Part – B: Covers the appointment and removal of Directors, KMP and Senior Management; and

Part – C: Covers remuneration for Directors, KMP and Senior Management

PART - A

Matters to be dealt with, perused and recommended to the Board by the Committee

The following matters shall be dealt with by the Committee:

a) Size and composition of the Board:

Periodically reviewing the size and composition of the Board to have an appropriate mix of executive, non-executive and Independent Directors to maintain its independence and separate its functions of governance and management and to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company.

The Committee shall also assist the Board in ensuring the Board nomination process is in line with the diversity policy of the Board. The policy on Board diversity is hosted on the website of the Company.

b) Directors:

Formulate the criteria determining qualifications, positive attributes of a Director and recommend candidates to the Board when circumstances warrant the appointment of a new Director, having regard to qualifications, integrity, expertise and experience for the position.

c) Succession Plans:

Establishing and reviewing Board, KMP and Senior Management succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management.

d) Evaluation of performance:

- i) Make recommendations to the Board on appropriate performance criteria for the Directors.
- ii) Formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company or engage with a third-party facilitator in doing so.
- iii) Identify ongoing training and education programs for the Board to ensure that non-executive Directors are provided with adequate information regarding the business, the industry and their legal responsibilities and duties.

PART - B

Policy for appointment and removal of Directors, KMP and Senior Management:

a) Appointment criteria and qualifications

- i) The Committee shall ascertain the integrity, qualification, expertise and experience of the person identified for appointment as Director, KMP or Senior Management Personnel and recommend to the Board his/her appointment. The Committee has

discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.

- ii) For every appointment of an Independent Director, the NRC shall 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. The person recommended for such role shall meet the description.
- iii) The Company shall appoint or continue the employment of a person as Managing Director / wholtime Director and non-executive Director who has not attained the maximum age of retirement as prescribed under relevant laws.
- iv) Appointment and Reappointment of Directors and KMP shall be governed by the provisions of the Act and compliance of the SEBI (LODR) Regulations.
- v) 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.
- vi) The Company shall not appoint any resigning Independent Director, as whole-time Director, unless a period of one year has elapsed from the date of resignation as an Independent Director.

b) Term / Tenure

- i) Managing Director /Whole-time Director / Key Managerial Personnel

The Company shall appoint or re-appoint any person as its Managing Director/ whole-time Director/ Key Managerial Personnel as per the relevant laws. Office of the Executive Directors are subject to liable to retire by rotation unless otherwise provided on their terms of appointment.

- ii) Non-Executive Director

Office of the Non-executive Non – Independent Director is subject to retirement by rotation at the annual general meeting in the manner as specified under relevant laws.

- iii) Independent Director

An Independent Director shall be appointed / re-appointed in the manner as specified under relevant laws and for the term as may be decided by the Board on recommendation of the Committee.

c) 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, KMP or Senior

Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

d) Retirement

The Directors, KMP and Senior Management Personnel shall retire as per the applicable provisions of the relevant laws. The Board will have the discretion to retain the 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, subject to approvals as required under the relevant laws.

PART - C

Policy relating to the remuneration for Directors, KMP and Senior Management

a) General:

- i) The remuneration / compensation / commission etc. to be paid to Directors will be determined by the Committee and recommended to the Board for approval.
- ii) The remuneration and commission to be paid to the Managing Director/Whole-time Director shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.
- iii) 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/ Whole-time Director.
- iv) The Committee shall determine the stock options and other share-based payments to be made to Directors (other than Independent Directors), KMPs or Senior Management Personnel for the purpose of administering the Employee Stock Option/ Purchase Schemes in accordance with the applicable law.

b) Remuneration to Whole-time / executive / managing Director, KMP and Senior Management Personnel:

- i) Fixed pay: The Whole-time Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break-up of the pay scale 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 approved by the shareholders and Central Government, wherever required by law.
- ii) Variable Components: The Whole-time Director / KMP and Senior Management Personnel may be eligible for performance linked variable pay scheme which will be based on the individual and the Company's performance for the year, pursuant to which the Executive Director, KMP and Senior Management Personnel are entitled to performance-based variable remuneration. The details of such variable component shall be clearly defined while obtaining the approval of the Board and

members. For the Executive Directors, performance linked remuneration can be in form of commission or fixed amount.

- iii) Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.
- iv) Provisions for excess remuneration: If any Whole-time 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, he / she 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.
- v) Reimbursement of expenses: The Whole-time Director / KMP and Senior Management Personnel shall be reimbursed with the expenses incurred by them as per the applicable policies of the Company, from time to time.
- vi) Subsequent Change/Increments: Any subsequent change/increments in the remuneration of the Executive Directors/Key Managerial Personnel shall be approved by the Board in accordance with the recommendation of the Committee, subject to the statutory provisions within the limits approved by the members.

c) Remuneration to non-executive/Independent Director:

- i) Remuneration / Commission: The remuneration payable to each non-executive Director is based on the remuneration structure as determined by the Board on recommendation of the Committee, 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.
- ii) Sitting Fees: The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rupees One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- iii) Commission: Commission 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.
- iv) Stock Options: An Independent Director shall not be entitled to any stock option of the Company.

6.AMENDMENT

Any change in the Policy shall be approved by the Board. The Board shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. In case of any subsequent changes in the provisions of the Companies Act, 2013 or the Listing Regulations 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.
