

NOMINATION AND REMUNERATION COMMITTEE CHARTER
OF
CORE ENERGY SYSTEMS LIMITED

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1. PREAMBLE

Core energy systems limited (the “**Company**”) has formulated this policy to provide a framework for remuneration of members of the Board of Directors of the Company (the “**Board**”), Key Managerial Personnel, and other employees of the Company (this “**Policy**”).

This Policy is guided by the principles and objectives as enumerated in Section 178 (3) of the Companies Act, 2013 and the rules made thereunder, each as amended (the “**Act**”), to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance 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. CONSTITUTION OF THE COMMITTEE

2.1 The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.

2.2 Term of the Committee shall be continued unless terminated by the Board of Directors.

2.3 Chairman of the Committee shall be an Independent Director. The Chairperson of the Company may be appointed as a member of the Committee but shall not be the Chairman of the Committee.

3. QUORUM & MEETINGS

Minimum two (2) members shall constitute a quorum for a Committee meeting. In the event only two (2) members are present, the unanimous vote of the two (2) members shall constitute an act of the Committee. In case of an equality of votes, the Chairman shall have a second or casting vote.

Where the Committee comprises of more than two (2) members, the act of a majority of the members present will constitute an act of the Committee.

The Committee shall meet at least once in a financial year, with additional meetings when circumstances require, as determined by the Committee Chairman

4. REMUNERATION OF NON-EXECUTIVE AND INDEPENDENT DIRECTORS

4.1. Non-Executive and Independent Directors ("**NEDs**") will be paid remuneration by way of sitting fees and commission. The remuneration/ commission/ compensation to the NEDs will be determined by the Nomination and Remuneration Committee ("**Compensation Committee**") and recommended to the Board for its approval.

4.2. Such remuneration and commission will be approved by the Board and shareholders, as may be required, in accordance with the provisions of the Act.

4.3. The payment of the commission to the NEDs will be placed before the Board every year for its consideration and approval. The sitting fee payable to the NEDs for attending the Board and Compensation Committee meetings will be fixed, subject to the statutory ceiling. The fee will be reviewed periodically and aligned to comparable best in class companies.

4.4. Keeping with evolving trends in industries and considering the time and efforts spent by specific NEDs, the practice of paying differential commission will be considered by the Board.

4.5. NEDs will not be eligible to receive stock options under the existing employee stock option scheme(s) ("**ESOP**") of the Company.

4.6. NEDs are entitled to be paid all travelling and other expenses they incur for attending to the Company's affairs, including attending meetings of the Company.

4.7. The remuneration payable by the Company to NEDs shall be subject to the conditions specified in the Act including in terms of monetary limits, approval requirements and disclosure requirements.

5. REMUNERATION OF EXECUTIVE DIRECTOR

5.1 The compensation paid to the executive directors (including Managing Director) will be within the scale approved by the shareholders. The elements of the total compensation, approved by the Nomination and remuneration committee will be within the overall limits specified under the Act.

5.2 The elements of compensation of the executive director include the elements as described in below.

5.3 The Committee will determine the annual variable pay compensation in the form of annual incentive and annual increment for the executive director based on Company's and individual's performance as against the pre-agreed objectives for the year.

5.4 The executive directors, except for a promoter director, will also be eligible for ESOPs as per the ESOP scheme in force from time to time. Grants under the ESOP scheme shall be approved by this Committee.

5.4 In case of inadequacy of profit in any financial year, the remuneration payable to the executive director shall be further subject to the relevant provisions of the Act.

5.5 Executive directors will not be paid sitting fees for any Board/ committee meetings attended by them.

5.6 The remuneration payable by the Company to the executive directors shall be subject to the conditions specified in the Act including in terms of monetary limits, approval requirements and disclosure requirements.

6. REMUNERATION TO KEY MANAGERIAL PERSONNEL / OTHER EMPLOYEES

6.1. The Company's total compensation for Key Managerial Personnel as defined under the Act / other employees will consist of:

- Fixed compensation,
- Variable compensation in the form of annual incentive;
- Benefits; and
- Work related facilities and perquisites.

6.2. In addition, select senior executives will be eligible for long-term incentive plan in the form of ESOPs, as per the ESOP scheme in force from time to time. Grants under the ESOP scheme will be approved by this Committee from the date of execution of this policy.

6.3. Fixed compensation will be determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills, experience and performance of the employee. Fixed compensation will include basic salary, housing allowance, leave travel allowance and a cash allowance and any other allowances as approved by this committee.

6.4. The annual incentive (variable pay) of executives will be linked directly to the performance of the Company.

6.5. The employees shall receive benefits based on the grade and seniority of employees as per the policy of the Company.

6.6. Employees will also be eligible for work related facilities and perquisites as may be determined through human resources policies issued from time to time based on the grade of the employee.

6.7. A formal annual performance management process will be applicable to all employees, including senior executives. Annual increases in fixed and variable compensation of individual executives will be directly linked to the performance ratings of individual employee.

- Overall compensation shall be subject to periodic reviews as well as factors such as affordability based on the Company's performance and the economic environment;
- Employees may be eligible for ESOPs as per the ESOP scheme approved by the Shareholders and in force from time to time. The objective of the ESOP is to reward the Eligible Employees, for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Company; and
- Employees may be eligible for severance payments in accordance with the termination clause in their employment agreement subject to applicable regulatory requirements.

7. COMMITTEE MEMBERS INTEREST

7.1. A member of nomination remuneration Committee is not entitled to participate in the discussions when his/her own remuneration is discussed at a meeting or when his/her performance is being evaluated.

7.2. The nomination remuneration Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Compensation Committee.

8. ADOPTION, CHANGES AND DISCLOSURE OF INFORMATION

8.1. This Policy and any changes thereof will be approved by the Board based on the recommendation(s) of the Compensation Committee.

8.2. This Policy may be reviewed at such intervals as the Board or Compensation Committee may deem necessary.

9. ROLES AND RESPONSIBILITIES OF THE NOMINATION AND REMUNERATION COMMITTEE

9.1. The Responsibilities of the Committee shall be such as prescribed under the Act and Rules made thereunder and Part D of Schedule II of the Listing Regulations (as amended from time to time).

9.2. The Nomination and Remuneration Committee 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 Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

9.3. The Nomination and Remuneration Committee 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.

9.4. The chairperson of the committees constituted under the section 178 of companies act, 2013, in his absence, any other member of the committee authorised by him in this behalf shall attend the general meetings of the company.

9.5. Review the composition of the Board and devise a policy on Board diversity; and

9.6. To ensure that the Board is comprised of directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance;

10. Evaluation

10.1 Evaluation of Key Managerial Personnel

- The Managing Director performs the evaluation of performance on an annual basis.
- The Managing Director does a review of the performance based on the efforts put in by the employee, results achieved against the goals set, and impact of external /internal factors.
- The performance review will also include the review of remuneration of the KMP

10.2. Evaluation of Independent Directors

The performance evaluation of Independent Directors shall be done by the Board, excluding the Director being evaluated, basis the contributions made to the Board deliberations in the board meetings

11. SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

12. AMENDMENT(S)

The Board may review or amend this Policy, in whole or in part, from time to time, after taking into account the recommendations from the Committee.

13. IMPLEMENTATION

The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this Policy as considered appropriate. The Committee may delegate any of its powers to one or more of its members. This Policy shall be reviewed by the Committee as and when any notification or amendments are notified by the regulatory authorities affecting the policy formed hereinabove. Any changes or modifications in the Policy as recommended by the Committee would be submitted for approval of the Board. The Policy shall be effective from the date of approval by the Board, unless specified otherwise.

14. DISSEMINATION OF POLICY

A copy of this Policy shall be handed over to all Directors within one month from the date of approval by the Board. This Policy shall also be posted on the website of the Company and the details of this Policy, including the evaluation criteria, shall be mentioned in the Annual Report and board report of the Company.