



PRABHA ENERGY LIMITED

NOMINATION AND REMUNERATION POLICY

(Approved in the Board Meeting dated 14th February, 2025)



NOMINATION AND REMUNERATION POLICY

1. INTRODUCTION

This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee ("NRC" or "the Committee") and approved by the Board of Directors.

Further, this policy has been framed in compliance of the provisions of Section 178 of Companies Act, 2013 and rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time.

2. DEFINITIONS

In this Policy, unless the context otherwise requires:

- (a) "**Act**" shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars, notification, orders to remove difficulties or re-enactment thereof time to time.
- (b) "**SEBI Listing Regulations**" means SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, as amended time to time.
- (c) "**Board of Directors**" or "**Board**" means the Board of Directors of the Company, as constituted from time to time.
- (d) "**Independent Director**" shall have meaning as defined in the SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015.
- (e) "**Key Managerial Personnel**" means Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and the Rules made thereunder.
- (f) "**Senior Management**" shall mean officers/personnel of the Company 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 Company.

3. QUORUM, PERIODICITY OF THE MEETING AND ROLE OF THE NOMINATION AND REMUNERATION COMMITTEE (NRC)

A. Quorum:

The quorum for a meeting of the NRC shall be in due compliance of the provisions, if any, of the Act and/or SEBI Listing Regulations.



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B. Periodicity of the Meeting:

The NRC shall meet as and when required. However, it shall meet at least once in a financial year.

C. Role of the NRC:

The functions / role and scope of the NRC shall include the following:-

1. Formulate criteria for determining qualifications, positive attributes and independence of a director, recommend to the Board a policy relating to remuneration for the directors, Key Managerial Personnel (KMP) & other employees;
2. For every appointment of an independent director, the Nomination and Remuneration Committee 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 to the Board for appointment as an independent director shall have the capabilities identified in such description. 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
3. Identify persons who are qualified to become directors & who may be appointed in Senior Management as per criteria laid down, recommend to the Board their appointment & removal;
4. Formulation of criteria for evaluation of performance of Independent Director and the Board;
5. Devise a policy on diversity of Board of Directors;
6. Recommend to the Board of Directors, all remuneration, in whatever form, payable to Senior Management.
7. Deciding on 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

4. APPLICABILITY

The Policy is applicable to Directors (Executive and Non Executive), Key Managerial Personnel and Senior Management.



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5. POLICY ON BOARD DIVERSITY

The Board of Directors shall have the optimum combination of Directors from the different areas / fields like production, Management, Quality Assurance, Finance, Sales and Marketing, Supply chain, Research and Development, Human Resources etc or as may be considered appropriate. The Board shall have at least one Board member who has accounting or related financial management expertise and at least two members who are financially literate.

6. APPOINTMENT OF DIRECTORS, KMP AND SENIOR MANAGEMENT PERSONNEL

Director:

- a. Any person who in the opinion of the Board is not disqualified under section 164 of the Act and who possesses ability, integrity, relevant expertise and experience can be appointed as director of the Company.
- b. Any person who is proposed to be appointed as Independent Director shall meet the criteria of independence and possess qualifications as specified in the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16 of SEBI Listing Regulations.
- c. The Company shall take adequate declarations from prospective candidate about his eligibility.

7. TERM/ TENURE

a. Appointment of Managing Director:

The Company shall appoint or re-appoint any person as its 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. Appointment of 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.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is in accordance with the limits, if any, specified in the Act and/ or the SEBI Listing Regulations



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8. 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 or Senior Management in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

9. REMOVAL

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

10. REMUNERATION FOR THE MANAGING DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

- a. The Managing Director, KMP and Senior Management shall be eligible a monthly remuneration as may be approved by the Board on the recommendations of the Committee. The breakup of the pay scale and quantum of perquisites etc. shall be decided and approved by the Board / the Person authorized by the Board on the recommendations of the Committee and also approved by the shareholders and Central Government, wherever required.
- b. The total fixed salary should be fair and reasonable after taking into account scope of duties, the role and nature of responsibilities, level of skill, knowledge and experience of individual, Company's performance and growth, market trend, etc.
- c. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director or Whole time Director in accordance with the provisions of the Act and Schedule V of the Act.
- d. If Managing Director or Whole time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without necessary approval as may be required under the Act, he / she shall refund such sums to the Company, within two years or such lesser period as may be allowed by the Company and until such sum is refunded, hold it in trust for the Company.
- e. Company shall not waive recovery of such sum refundable to it unless approved by the Company by special resolution within two years from the date the sum becomes refundable.
- f. 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



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such fees per meeting of the Board or Committee shall not exceed the amount as may be prescribed by the Central Government from time to time.

11. EVALUATION

The Committee 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 Committee or by an independent external agency and review its implementation and compliance in accordance with the provisions of applicable law.

12. POLICY REVIEW

- a. This Policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and the requirements of SEBI Listing Regulations with the Stock Exchanges.
- b. In case of any subsequent changes in the provisions of the Companies Act, 2013 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.
- c. This policy shall be reviewed by the NRC as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification to the policy as recommended by the Committee would be placed before the Board of Directors for their approval.
