



SMARTEN POWER SYSTEMS LIMITED

NOMINATION AND REMUNERATION POLICY

(Adopted by Board of Directors in its meeting held on 12/12/2024. Effective from 12/12/2024.)

SMARTEN POWER SYSTEMS LIMITED

CIN: U31401HR2014PLC052897

Registered Office:

374, 1st Floor Pace City-2, Sector-37,

Gurgaon, Haryana, India, 122001



The information under Section 134 (3) (e) of the Companies Act, 2013 with respect to the Company's policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of Section 178.

Nomination and Remuneration Policy

1. Introduction:

In pursuance of the Company's philosophy to consider human resources as its invaluable assets and to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and Senior Managerial Persons of the Company, to harmonise the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Managerial Persons has been formulated by the Committee and approved by the Board of Directors.

2. Objective and purpose of the Policy:

1. Formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a Policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a Policy on diversity of Board of Directors;
4. 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.
5. 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;
6. Recommend to the Board, all remuneration, in whatever form, payable to senior management.



7. 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.

3. Definitions:

- i) Board means Board of Directors of the Company.
- ii) Directors mean Directors of the Company.
- iii) Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- iv) Company means Smarten Power Systems Limited.
- v) Independent Director means a director referred to in Section 149 (6) of the Companies Act, 2013.
- vi) Key Managerial Personnel (KMP) means:
 - a) Managing Director; or Chief Executive Officer or manager
 - b) Company Secretary;
 - c) Whole time Director;
 - d) Chief Financial officer;
 - e) Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board;
 - f) Such other officer as may be prescribed.
- vii) Senior Managerial Persons means officers/personnel of Company who are members of its core management team excluding board of directors and shall comprise all members of management one level below the Chief Executive Office/Managing Director/Whole Time Director/Manager (including Chief Executive Officer/Manager, in case where they are not part of the board) and shall specifically include Company Secretary and Chief Financial Officer.



Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

4. Applicability

The Policy Shall be applicable to:

- i) Directors (Executive, Non-Executive and Independent)
- ii) Key Managerial Personnel
- iii) Senior Managerial Personnel

5. General Provisions

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 nomination and Part – C

covers remuneration and perquisites etc.

PART – A

Matters to be dealt with, Perused and Recommended to the Board by the Nomination and Remuneration Committee:

The Committee shall:

- i) Formulate the criteria for determining qualifications, positive attributes and independence of a director. The Committee may consider following criteria for the same:
 - a) Possess fundamental qualities of intelligence, perceptiveness, good judgment, maturity, high ethics and standards, integrity and fairness.
 - b) Have a genuine interest in the Company and recognition that, as a member of the Board, one is accountable to the shareholders of the Company, not to any particular interest group.
 - c) Have, as a general rule, a background that includes broad business experience or demonstrates an understanding of business and financial



affairs and the complexities of a large, multifaceted, global business organization.

d) Have no irreconcilable conflict of interest or legal impediment which would interfere with the duty of loyalty owed to the Company and its shareholders.

e) Have the ability and be willing to spend the time required to function effectively as an Independent Director.

f) Have independent opinions and be willing to state them in a constructive manner.

g) The Independent Directors shall not less than 21 years of age

h) The Independent Directors, apart from the Directors remuneration, do not have any material pecuniary relationship of transactions with the Company, its promoter, its director, its senior management or its holding company, its subsidiary and associate companies which may affect his/her independence as an Independent Director and have not had any pecuniary relationships with the Company, its holding company, subsidiary and associate companies, or its promoters or directors during the current financial year and immediately preceding two financial years;

i) None of relatives of the Independent Directors, had, or have, any pecuniary relationship or transaction with the Company, its holding, subsidiary or associate companies, or their promoters, or directors, amounting to 2% or more of its gross turnover or total income or ` 50 lakhs or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;

j) None of relatives of the Independent Directors is indebted to the Company or its holding, subsidiary or associate company or their promoters, or directors and has not given any guarantee or provided any security in connection with the indebtedness of any third person to the Company, its holding, subsidiary or associate Company or their promoters, or directors of such holding Company, for such amount, during the two immediately preceding financial years or during the current financial;



k) The Independent Directors have not, nor in the past have been, a promoter of the Company or its holding, subsidiary or associate companies or member of promoter group of the Company;;

l) The Independent Directors do not related to promoters or directors of the Company, its holding, subsidiary or associate companies or to persons occupying management positions at the board level or at one level below the board in the Company;

m) The Independent Directors have not been an executive of the Company in the immediately preceding three financial years;

n) The Independent Directors should not a partner or an executive or was not partner or an executive during the preceding three years, of any of the following:

(i) the statutory audit firm or the internal audit firm that is associated with the Company, and

(ii) the legal firm(s) and consulting firm(s) that have a material association with the Company.

o) No Independent Director or its relatives:

1. hold or has held the position of a key managerial personnel or is or has been an employee of the Company or its holding, subsidiary or associate company in any of the three immediately preceding financial year;

2. is or has been, in any of the three financial years immediately preceding the financial year in which he/she was appointed, an employee or proprietor or a partner, of:

(a) a firm of auditors or company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate company; or

(b) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm;

3. hold, together with its relatives, 2% or more of the total voting power of the Company; or



4. is a Chief Executive or Director, by whatever name called, of any non-profit organization that: (a) receives 25% or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate Company; or (b) holds 2% or more of the total voting power of the Company.

5. is not a material supplier, service provider or customer or a lessor or lessee of the Company;

n) No person shall be appoint as alternate director for an independent director.

o) Person shall not serve as an independent director in more than seven listed entities.

p) Person shall not serve as an independent director in more than three listed entities if he/she is serving as a whole time director / managing director in any listed entity

i) Identify persons who are qualified to become Director. The Committee may consider following criteria for the same:

a) Directors will be selected on the basis of talent and experience without regard to race, religion, sex or national origin. The Company seeks a Board with a diversity of background among its members and a Board that will possess certain core competencies.

b) Directors will be leaders in their field, have broad experience, show familiarity with national and international issues, possess sound business judgment, and have other attributes that will enhance shareholder value.

c) Possess fundamental qualities of intelligence, perceptiveness, good judgment, maturity, high ethics and standards, integrity and fairness.

d) Have a genuine interest in the Company and recognition that, as a member of the Board, one is accountable to the shareholders of the Company, not to any particular interest group.

e) Have no irreconcilable conflict of interest or legal impediment which would interfere with the duty of loyalty owed to the Company and its shareholders.



f) Have the ability and be willing to spend the time required to function effectively as a Director.

ii) Identify persons who may be appointed in Key Managerial and Senior Managerial Persons.

In respect of Key managerial Persons, other than Managing Director and Whole-time Directors (which were covered above), and Senior Managerial Persons the Committee may consider following criteria:

a) Possess fundamental qualities of intelligence, perceptiveness, good judgment, maturity, high ethics and standards, integrity and fairness.

b) Possess necessary educational qualification required for the position.

c) Minimum and maximum age for the post

d) Minimum relevant experience for the post.

iii) Recommendation to the Board, Appointment of Directors, Key Managerial Persons and Senior Managerial Persons.

The Committee will time to time discuss and review with Managing Director, whole-time Director and HR Department about the appropriate skills and characteristics of Directors, Key Managerial Persons and Senior Managerial Persons. This should include issues of diversity, age, business or academic background and other criteria that the Committee finds to be relevant. Based on this discussion and review, the Committee may submit its report to the Board on appointment of Director, Key Managerial Persons and Senior Managerial Persons.

PART – B

Policy for Appointment and Removal of Director, KMP and Senior Managerial Persons

I. Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or



at Senior Management level and recommend to the Board his / her appointment.

2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

3. The Company shall not appoint or continue the employment of any person as Whole-time Director who has not attained the age of 21 years or has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

II Term / Tenure:

1. Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Managing Director 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.

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 5 years or more in the Company as on October 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 5 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 Director of a listed company.

3. Evaluation:

The Committee shall carry out annual evaluation of performance of every Director, Key Managerial Persons and Senior Managerial Persons. The Committee may discuss and review with Managing Director, Whole-time Director, HR Department and Head of Departments about the appropriate skills, characteristics of Directors, Key Managerial Persons and Senior Managerial Persons. Based on this discussion and review, the Committee may submit its report to the Board on evaluation for appraisal, rewards, recognition etc. of Director, Key Managerial Persons and Senior Managerial Persons.

4. Removal:

Pursuant to any disqualification mentioned in the Companies Act, 2013, 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 Key Managerial Persons and Senior Managerial Persons subject to the provisions and compliance of the said Act, rules and regulations.

The Committee will time to time discuss and review with Managing Director, Whole-time Director and HR Department about the performance and suitability of Directors, Key Managerial Persons and Senior Managerial Persons. Based on this discussion and review, the Committee may submit its report to the Board on removal of Director, Key Managerial Persons and Senior Managerial Persons.

5. Retirement:

The Director, Key Managerial Persons and Senior Managerial Persons 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 Director, Key Managerial Persons and Senior Managerial Persons in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

PART – C

Policy Relating to the Remuneration for the whole-time Director, Key Managerial Persons and Senior Managerial Persons

1. General:

I. The remuneration / compensation / commission etc. to the Managing Director, Whole-time Directors, Key Managerial Persons and Senior Managerial Persons will be determined by the Committee and recommended to the Board for approval. The remuneration /



compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

II. The remuneration and commission to be paid to the Managing Director, Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules made thereunder.

III. The remuneration and commission to be paid to Non-Executive Directors and Independent Directors should be based on time spent carrying out Board and committee responsibilities and be competitive with comparable companies. In addition, a significant portion of Director compensation should align Director's interests with the long-term interests of shareholders.

IV. The Company management should report to the Committee on an annual basis about the Company's compensation practices compared with those of other peer companies, industry and current market scenario. The Committee makes recommendation to the Board relating thereto. The Board should make changes in its compensation practices only upon the recommendation of the Committee.

V. The Committee will consider following components in remuneration of Director, Key Managerial Persons and Senior Managerial Persons:

a. Fixed Pay: The Managing Director, Whole-time Director, Key Managerial Persons and Senior Managerial Persons 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.

b. Commission of net Profit to Directors, to the extent permissible under Companies Act, 2013, Rules and Regulation, as amended from time to time, Articles of association and approved by the Shareholders of the Company.



c. Sitting fees for attending board and its committee meetings by Non-Executive and Independent Directors to the extent permissible under Companies Act, 2013, Rules and Regulation, as amended from time to time, Articles of Association and approved by the Shareholders of the Company.

d. Incentives to Managing Director, Whole-time Director Key Managerial Persons and Senior Managerial Persons, based on the performance of the Company as well individual performance.

e. Stock options to Key Managerial Persons and Senior Managerial Persons. Independent Directors shall not be entitled to any stock option of the Company.

f. Any other Benefits such as company car, company health care facility, telephone, company housing as may be.

VI. The Committee may review existing Remuneration of Directors, Key Managerial Persons and Senior Managerial Persons. Increments or revision to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of the Directors of the Company.

VII. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director, 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.

VIII. Provisions for excess remuneration:

If any 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, he / she shall 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.

IX. Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, Company Secretary and any other employees 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.