

IOT Utkal Energy Services Limited

NOMINATION & REMUNERATION POLICY

1. INTRODUCTION

Pursuant to Section 178 of the Companies Act, 2013, the Board of Directors of every public Company as may be prescribed, shall constitute a Nomination and Remuneration Committee.

This Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto.

1.1. Objective of the Policy

The Objective of this Policy is to ensure that:

- (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmark; and
- (c) Remuneration to Directors, Key Managerial Personnel and Senior Management 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.

1.2. Interpretation

Words and expressions used in this Policy shall have the same meanings respectively assigned to them in the Companies Act, 2013 or the rules framed thereunder and the Memorandum and Articles of Association of the Company.

2. NOMINATION AND REMUNERATION COMMITTEE

2.1. Role of the Committee

- (a) Identifying 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 carry out evaluation of every director's performance.
- (b) Formulating the criteria for determining qualifications, positive attributes and independence of a director.
- (d) The Committee shall take into consideration and ensure the compliance of provisions under Schedule V of the Companies Act, 2013 for appointing and fixing remuneration of Managing Directors / Whole-time Directors and Non-executive Directors;
- (e) While approving the remuneration, the Committee shall take into account financial position of the Company, trend in the industry, qualification, experience and past performance of the appointee;

3. APPOINTMENT AND REMOVAL

3.1. Appointment criteria and qualifications

- (a) Subject to the applicable provisions of the Companies Act, 2013, the Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director and KMP and recommend to the Board his / her appointment.
- (b) The Company shall not appoint or continue the employment of any person as Managing Director / Whole-time Director / Manager who 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.

3.2. Term / Tenure

3.2.1. Managing Director / Whole-time Director / Manager (Managerial Personnel)

The Company shall appoint or re-appoint any person as its Managerial Personnel 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.

3.2.2. Independent Directors

- (a) 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.
- (b) 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.

3.3. Evaluation

Subject to Schedule IV of the Companies Act, 2013 the Committee shall carry out the evaluation of Directors periodically.

3.4. Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable laws, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP, subject to the provisions and compliance of the applicable laws, rules and regulations.

3.5. Retirement

The Director, KMP and Personnel of Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company.

4. REMUNERATION OF MANAGERIAL PERSONNEL, KMP AND SENIOR MANAGEMENT PERSONNEL

4.1. General

(a) The remuneration / compensation / commission etc. to Directors will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the approval of the shareholders of the Company and Central Government, wherever required.

(b) The remuneration and commission to be paid to the Directors shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

4.2. Remuneration to Managing / Wholetime Directors

4.2.1 Remuneration

The level and composition of remuneration should be reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;

Managerial Personnel shall be eligible for remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to provident fund, 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. Relationship of remuneration to performance to be defined and should meet appropriate performance benchmarks.

4.2.2. Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel 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 prior approval of the Central Government.

4.3. Remuneration to Non-Executive / Independent Director

4.3.1. Remuneration / Commission

The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force and shall be determined by the Board of Directors of the Company.

4.4. Remuneration to Senior Management and Other Employees

The remuneration to be fixed taking into account the following factors:

- i) The trend prevalent in the industry

- ii) The nature and size of business
- iii) The competencies, experience and qualifications required for the position.

Remuneration packages should strike a balance between fixed and variable pay, reflecting short and long term performance objectives appropriate to the Company's working and goals.

The variable pay will imbibe the culture of meritocracy and accountability within the system and move towards being a performance driven organization, with focused performance-based differentiation of our people.

The Company will understand the best practices in the market and align the compensation delivery model to those from time to time.

5. DISCLOSURES

The Company shall disclose the Policy on Nomination and Remuneration on its website and the web-link shall be provided in the Annual Report.

6. AMENDMENT

Any amendment or modification in the Companies Act, 2013 and the Rules made thereunder shall automatically be applicable to the Company.