

HINDUSTAN POWER EXCHANGE LTD

(FORMERLY KNOWN AS PRANURJA SOLUTIONS LTD)

NOMINATION AND REMUNERATION POLICY

1. BACKGROUND

The Board of directors (“**Board**”) of Pranurja Solutions Limited (“**Company**”) constituted the Nomination and Remuneration Committee (“**Committee**”).

In compliance with the requirements set out under Section 178 of the Companies Act, 2013 (“**Companies Act**”), the Committee has formulated this Nomination and Remuneration Policy (“**Policy**”) in order to pay equitable remuneration to the Directors, Key Managerial Personnel and employees of the Company and to harmonize the aspirations of human resources with the goals of the Company.

While formulating this Policy, the Committee has considered the factors laid down under Section 178(4) of the Companies Act, which are as under:

- (i) 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;
- (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (iii) 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.

2. DEFINITIONS

“**Articles of Association**” means Articles of Associations of Pranurja Solutions Limited.

“**Company**” means Pranurja Solutions Limited.

“**Committee**” means the Nomination and Remuneration Committee as defined under the Companies Act, 2013.

“**Director**” means a Director appointed on the Board.

“**Independent Director**” means a Director referred to in Section 149(6) of the Companies Act, 2013.

“**Key Managerial Personnel**” means:

- (i) the Chief Executive Officer or the Managing Director or Manager;
- (ii) the Company Secretary;
- (iii) the Whole-Time Director;
- (iv) the Chief Financial Officer

- (v) 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;

“Nominee Director” means the meaning ascribed to it under Article 3.2(a) of Articles of Associations of the Company.

“PM Regulations” means Central Electricity Regulatory Commission (Power Market) Regulations, 2010

Unless the context otherwise requires, words and expressions used in this Policy and not defined, shall have the meanings ascribed to them under the Companies Act and PM Regulations, as may be amended from time to time.

3. ROLE

The Committee constituted by the Board leads the process for appointment and remuneration of Directors and Key Managerial Personnel in accordance with the requirements of the Companies Act and other applicable law. All the Board appointments are based on merits. The role/terms of reference of the Committee identified by the Board are as follows:

- identification and nomination of suitable candidates for the Board’s approval in relation to appointment and removal of Directors and Key Managerial Personnel and Senior Management;
- identification of the key job incumbents in senior management and recommend to the Board whether the concerned individual be: (a) granted an extension in term/service; or (b) replaced with an identified internal or external candidate or recruit other suitable candidates;
- making recommendations to the Board in relation to the remuneration payable to the Directors and Key Managerial Personnel and Senior Management, in terms of the policy of the Company;
- Selecting the Managing Director;
- formulating criteria for evaluation of performance of the Board of Directors and Directors;
- laying out remuneration principles for employees linked to their effort, performance and achievement relating to the Company’s goals;
- Recommend to the Board, all remuneration in whatever form, payable to senior management;
- Recommending whether to extend the tenure of appointment of the Independent Director on the basis of performance evaluation;
- Framing the Employees Share Purchase Scheme / Employees Stock Option Scheme and recommending the same to the Board/ shareholders for their approval and implementing/administering the scheme approved by the shareholders
- Suggesting to Board/ shareholders changes in the ESPS/ ESOS.
- Deciding the terms and conditions of ESPS and ESOS which, inter-alia, include the following: a. Quantum of options to be granted under the Scheme per employee

and in aggregate; b. Vesting Period; c. Conditions under which option vested in employees may lapse in case of termination of employment for misconduct; d. Exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period; e. Specified time period within which the employee shall exercise the vested options in the event of termination or resignation of employee; f. Right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period; g. Procedure for making a fair and reasonable adjustment to the number of options, entitlement of shares against each option and to the exercise price in case of rights issues, bonus issues and other corporate actions; h. Grant, vest and exercise of option in case of employees who are on long leave; i. Procedure for cashless exercise of options; j. Forfeiture/ cancellation of options granted; k. All other issues incidental to the implementation of ESPS/ESOS. l. To issue grant/ award letters. m. To allot shares upon exercise of vested options and

- carrying out such other functions as may be specified by the Board from time to time.

4. CONSTITUTION AND QUORUM OF THE COMMITTEE

The Constitution and Quorum of the Committee shall be as per applicable provisions of the Companies Act (as may be amended from time to time).

5. APPOINTMENT AND REMOVAL OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

a. Appointment Criteria and Qualifications

- The Committee, shall apply a due diligence process to determine the suitability of every person who is being considered for being appointed or re-appointed as a Director and a Key Managerial Personnel and Senior Management Personnel on the basis of person's educational qualification, experience and track record. Such person shall possess adequate qualification, expertise and experience for the position the person is considered for appointment. The Committee has the discretion to decide whether qualifications, expertise and experience possessed by a person are satisfactory for the concerned position.
- Characteristics expected of all Directors include independence, integrity, high personal and professional ethics, sound business judgment, ability to participate constructively in deliberations and willingness to exercise authority in a collective manner. While all appointments to the Board are made on merit, the diversity of Board in aggregate will be of immense strength to the Board in guiding the Company successfully through various geographies. In reviewing and determining the Board composition, the Committee will consider the merit, skill, experience, gender and other diversity of the Board. In determining whether to recommend Independent Director for re-appointment, the

Committee also considers the Director's past attendance at meetings, participation in meetings and contributions to the activities of the Board.

- A Director is considered independent if the Board makes an affirmative determination after a review of all relevant information. The Committee and Board shall adhere to the categorical standards set forth under Section 149 of the Companies Act to assist in making such determinations of independence.
- Every Key Managerial Personnel and member of the Senior Management shall always endeavour to add capability in-house and mentor officials with potential working under him to handle his responsibility in his absence by exposing him to all aspects of work being handled by him.

b. Tenure

Managing Director/Whole Time Director

The Company shall appoint or re-appoint any person as its Managing Director/Whole Time Director pursuant to Articles of Association, the Companies Act, for a term not exceeding 5 (five) years at a time.

No re-appointment shall be made earlier than 1 (one) year before the expiry of the term.

The appointment and tenure of Managing Director would be governed by the applicable provisions of the Companies Act, 2013 and other applicable act, rules regulations.

Independent Director

An Independent Director shall hold office for a term upto 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.

Nominee Director

Nominee Directors shall be appointed pursuant to Share Subscription Agreement, Articles of Association of the Company and the Companies Act.

c. Removal

The Committee may recommend to the Board, with reasons recorded in writing, removal of Director, Senior Management personnel or Key Managerial Personnel due to reasons for

disqualification in the Companies Act or any other applicable act, rules and regulations. Such removal shall be subject to the provisions and compliance of applicable act, rules and regulations.

d. Retirement

The Board of Directors, Key Managerial Personnel and Senior Management shall retire as per the applicable provisions of the Companies Act, other applicable act, rules & regulations and prevailing Policy of the Company.

6. PRINCIPLES OF REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

- a. Overall remuneration should be reflective of the size of the Company, complexity of the sector / industry / company's operations and the company's capacity to pay the remuneration.
- b. The remuneration / compensation / commission etc. shall be subject to the approval of the shareholders of the Company and/or Central Government, wherever required, under applicable law. Increments 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 and other regulatory authorities, if applicable.
- c. Remuneration for Independent Directors & Non-Independent & Non-Executive Directors:
 - Independent Directors and non-independent non-executive directors may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) within regulatory limits. Quantum of sitting fees may be subject to review on a periodic basis, as required.
 - In addition to the sitting fees, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/her role as a Director of the Company.
- d. Remuneration for Executive Directors, Key Managerial Personnel and Senior Management:
 - The remuneration to be paid to the Managing Director & CEO shall be recommended by the Committee to the Board and governed by the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act.
 - The remuneration / compensation etc. to the Managing Director, Key Managerial Personnel and Senior Management personnel will be determined by the Committee and recommended to the Board for approval.
 - Remuneration payable for Services rendered by Directors: The remuneration payable to the Directors shall be inclusive of any remuneration payable for services rendered by such Director in any other capacity unless: (i) the services rendered are of a professional nature; and (ii) the Committee is of the opinion that the Director possesses requisite qualification for the practice of the profession.
 - Where any insurance is taken by the Company on behalf of its 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.

7. MODIFICATIONS & REVIEW OF THE POLICY

In case of any subsequent changes in the Companies Act or any other applicable act, rules and regulations which makes any of the provisions in the Policy inconsistent with the Companies Act or any other applicable act, rules and regulations, then the provision of the Companies Act or act, rules and regulations would prevail over the Policy and the provisions of the Policy would be modified in due course to make it consistent with law.