

**Document -GNA-PL -6**

Rev.- 27.04.2024

## **NOMINATION AND REMUNERATION POLICY**

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### **1.0. INTRODUCTION**

GURU NANAK AUTO ENTERPRISES LIMITED (the “**Company**” or “GNAEL”) has always considered its human resource as its prime driving force. The Company has adopted a policy which covers a whole gamut of human resource functions such as the recruitment, promotion, training and development. These policies have been adopted by the Board of Directors of the Company (“**Board**”) and amended from time to time by the competent authority.

The Company’s Board has constituted a Nomination and Remuneration Committee (the “**Committee**”) consisting of three or more non-executive directors out of which not less than one-half are independent directors and the Chairman of the said Committee is an independent director. The Company, taking forward its compliance with the regulatory requirements has formulated a Nomination and Remuneration Policy (the “**Policy**”) pursuant to the requirements of Section 178 of the Companies Act, 2013 read along with rules framed thereunder, as amended from time to time (the “**Act**”). The above statutory provisions are reproduced in Annexure I.

**2.0.** The Policy has been formulated by the Company and the same was recommended for approval of the Board. The Board has Re-approved the Policy in its meeting held on 27th April, 2024.

### **3.0. OBJECTIVES**

To ensure an effective process for identifying persons through a promotion policy, who are qualified to become directors and who may be appointed in Senior Management (*defined below*) in accordance with the criteria laid down and to recommend to the Board appointment of Senior Management based on the criteria fixed in this regard;

### **4.0. DEFINITIONS**

- 4.1 “**Act**” means the Companies Act, 2013 and rules framed thereunder, as amended from time to time. “**Board**” means the Board of Directors of the Company.



- 4.2 **“Committee”** means the Nomination and Remuneration Committee.
- 4.3 **“Company”** means GNAEL.
- 4.4 **“Directors”** mean members of the Board.
- 4.5 **“Key Managerial Personnel”** or **“KMP”** means;
- (i) The Chief Executive Officer or the Managing Director or the Manager;
  - (ii) The Whole-time Director;
  - (iii) The Chief Financial Officer;
  - (iv) The Company Secretary; and
- 4.6 **“Non-Executive”** mean the permanent employees of the Company who are in grades J1 to J6.
- 4.7 **“Officers”** or **“Executive”** mean the permanent employees of the Company who are in grades S1 to S4.
- 4.8 **“Other employees”** mean all the employees other than the Directors, KMPs, the Senior Management Personnel, Officers or Executives and Non-Unionized Supervisors.
- 4.9 **“Senior Management”** mean personnel of the Company who are members of its core management team excluding the Board comprising all members of management at one level below the whole-time directors i.e. officers working at M-1 to M-8 level.
- 4.10 **“Independent Directors”** means a director referred to in Section 149 (6) of the Act.

## **5.0. COMMITTEE**

- 5.1. The Nomination and Remuneration Committee;
- 5.2. The Committee shall comprise of at least three non-executive directors, of which not less than one-half shall be independent directors;
- 5.3. The company secretary of the Company shall act as secretary to the Committee;



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- 5.4. Terms of reference of the Committee shall be continued unless terminated by the Board;
- 5.5. The Chairperson of the Committee shall be an Independent Director;
- 5.6. Chairperson of the Company may be appointed as a member of the Committee but shall not chair such Committee;
- 5.7. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson other than chairperson of the Company;
- 5.8. Chairperson of the Committee meeting may be present at the annual general meeting of the Company or may nominate some other member to answer the shareholders queries;
- 5.9. The meeting of the Committee shall be held at such regular intervals as may be required;
- 5.10. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

**6.0. ROLES AND RESPONSIBILITIES OF THE COMMITTEE:**

- 6.1 Decide on the annual bonus/ performance pay/ variable pay pool and policy for its distribution across the executives and non-executives of the company;
- 6.2 Formulation and modification of schemes for providing perks and allowances for officers and Non-executives as per the guidelines/directions of the Board
- 6.3 Exercising such other roles assigned to it by the provisions of Company Act, 2013 and any other laws and their amendments from time to time.

**7.0. CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES AND INDEPENDENCE OF DIRECTORS:**



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The Chairman, Managing Director, Whole-time Directors, is appointed by the Company Administrative as per rules and regulation applicable on Company with its own process and procedures and the aforesaid directors are appointed in accordance with that only.

- 7.1 Criteria for selection of other Senior Management / Key Managerial Personnel will be in line with the HR policy of the Company as approved/ amended by the Board from time to time.
- 7.2 Criteria for selection of Independent Directors will be as per section 149 (6) of the Companies Act, 2013 with such exceptions and amendments from time to time.
- 7.2.1 Every independent director shall at the first meeting of the Board in which he/she participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, give a declaration that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act.
- 7.2.2 The term of appointment of independent directors shall be determined by the Board of the company. Any suggestion in this regard from the Committee will be reviewed by the Board and intimated to the committee.
- 7.2.3 The independent directors shall follow Schedule IV to the Companies Act, 2013 with regard to the guidelines of professional conduct, role and functions and duties.
- 7.2.4 Separate meeting of independent directors:**
- 7.2.4.1 The independent directors of the company shall hold at least one meeting in  
a year, without the attendance of non-independent directors and members of the management, to review the performance of Board as a whole, taking into account the views of executive directors and non executive directors;
- 7.2.4.2 All the independent directors of the company shall strive to be present at such meeting;
- 7.2.4.3 The meeting shall assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### **7.3 Appointment of Senior Management**

- 7.3.1 The Committee will recommend the persons who may be appointed in the Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal.
- 7.3.2 In this respect, the criteria laid down in the Board approved HR policy would be followed. The Committee would then consider the proposals and recommend the same to the Board for approval.

### **7.4 Removal**

- 7.4.1.1 The appointing authority of the Directors of the Company is the Chairman of the Company. Hence, their removal shall be based on the Board orders in this regard.
- 7.4.2 The removal of KMPs and the Senior Management would be as per the internal rules and regulations of the Company.

## **8.0 REMUNERATION TO DIRECTORS, KMP AND SENIOR MANAGEMENT**

**8.1** The remuneration and compensation to be paid to the Directors, KMP and Senior Management will be determined by the Board as per the terms of appointment. The variable payment which is related to performance will be decided by the Committee based on the scheme formulated and approved by the Board. Where any insurance is taken by the company on behalf of its managing director, Directors, chief financial officer, company secretary and Senior Management and any other employees for indemnifying them against any liability, the premium payable to any such personnel shall not be treated as part of their remuneration.

**8.2** The pay structure devised & approved by Board will be reviewed by the Committee on the following basis:

- 8.2.1. 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;
- 8.2.2. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- 8.2.3. remuneration to Directors, KMPs 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:



**8.3** The observations of the Committee will be reviewed by the Board.

**8.4 Minimum Remuneration:** Since the remuneration for Directors are fixed in accordance with the terms of appointments as specified in their appointment letter issued by the Board, they will be paid the remuneration in case of no profit or inadequate profit.

**8.5 Compensation to Independent Directors:** The independent director may receive compensation by way of sitting fees for attending meetings of Board or committees thereof as may be decided by the Board, subject to the provisions of the Act.

**8.6 Criteria for evaluation of Independent Directors and Board of Directors:** The performance of the Board of Directors and Independent Directors will be evaluated by Board based on the performance of the Company.

## **9.0. 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.

## **10.0. DISSEMINATION OF POLICY**

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 Board's Report.

## **11.0. 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.

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**Jagdish Singh**  
**(Chairman & Whole Time Director)**  
**Guru Nanak Auto Enterprises Limited**

