



**NOMINATION AND REMUNERATION POLICY  
OF  
DIRECTORS,  
KEY MANAGERIAL PERSONNEL  
AND  
OTHER EMPLOYEES**

*[Adopted by the Board of Directors on April 19, 2021]*



## **INDIAN GAS EXCHANGE LIMITED**

### **NOMINATION AND REMUNERATION POLICY OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES**

#### **PRINCIPLE AND RATIONALE**

As per the requirements of Section 178 of the Companies Act, 2013 and the Rules framed thereunder, Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, (“Listing Regulations”) and Regulation 26 of the Petroleum and Natural Gas Regulatory Board (Gas Exchange) Regulations, 2020, (“Gas Exchange Regulations, 2020”) the Board of Directors of Indian Gas Exchange Limited (“the Company”) has constituted a Nomination and Remuneration Committee (“NRC or Committee”). The Committee’s role is to be supported by a policy for nomination of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel as also for remuneration of Directors, KMP, Senior Management Personnel and other Employees.

In line with the Company’s philosophy towards nurturing its human resources, the Committee of the Board of Directors of the Company herein below recommends to the Board of Directors for its adoption of the Nomination and Remuneration Policy for the Directors, KMP and other employees of the Company.

#### **1. OBJECTIVE AND PURPOSE**

The key objectives and purpose of this policy are:

- To guide the Board in relation to the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive & Non-Executive/Independent) and persons who may be appointed in Senior Management Personnel.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- To attract, retain and motivate the Directors and evaluation of their performance.
- To ensure that the relationship of remuneration with performance is clear and meets appropriate performance benchmarks.



- To recommend to the Board a Policy relating to the Remuneration for the Directors, Key Managerial Personnel and other Employees.
- To determine the remuneration based on the Company's size and financial position and practices in the industry.
- To recommend to the Board, all remuneration, in whatever form, payable to senior management.

## 2. APPLICABILITY

This Policy shall apply to all Directors, KMPs, Senior Management Personnel and other employees of the Company.

## 3. DEFINITIONS

- 3.1 **'Board'** shall mean Board of Directors of Indian Gas Exchange Limited.
- 3.2 **'Director'** shall mean a director appointed to the Board of the Company.
- 3.3 **'Independent Director'** shall mean a director referred to in Section 149(6) of the Companies Act, 2013.
- 3.4 **'Key Managerial Personnel'** or KMP means:
- (i) Chief Executive Officer or the Managing Director or the Manager;
  - (ii) Company Secretary;
  - (iii) Whole-Time Director;
  - (iv) 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; and
  - (vi) such other officer as may be prescribed.
- 3.5 **'Nomination and Remuneration Committee'** or the Committee under this policy shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Rules framed thereunder, Regulation 19 of the SEBI (LODR) Regulations, 2015 and Regulation 26 of the Petroleum and Natural Gas Regulatory Board (Gas Exchange) Regulations, 2020.



- 3.6 **‘Other employees’** means all employees other than the Directors, KMPs and the Senior Management Personnel.
- 3.7 **‘Policy or This Policy’** means, “Nomination and Remuneration Policy.”
- 3.8 **‘Remuneration’** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- 3.9 **‘Senior Management’** shall mean officers/personnel of the Company who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole-time director/manager (including chief executive officer/manager, in case 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, Listing Regulations and Gas Exchange Regulations, 2020, as may be amended from time to time shall have the meaning respectively assigned to them therein.

#### **4. GENERAL**

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, removal and retirement of Director, KMP and Senior Management; and

**Part-C** covers provisions relating to remuneration of Managerial Person, KMP and Senior Management



## **PART - A**

### **MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE**

The following matters shall be dealt with by the Committee: -

**(a) Size and composition of the Board**

Periodically reviewing the size and composition of the Board in terms of requirements of the Gas Exchange Regulations, 2020 and independent Directors to maintain its independence and separate its functions of governance and management and to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company;

**(b) Directors:**

Formulate the criteria determining qualifications, positive attributes and independence of a Director and recommend candidates to the Board when circumstances warrant the appointment of a new Director, having regard to qualifications, integrity, expertise and experience for the position.

**(c) Succession plans:**

Establishing and reviewing Board, KMP and Senior Management succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management.

**(d) Evaluation of performance:**

- i. Make recommendations to the Board on appropriate performance criteria for the Directors.
- ii. Formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company or engage with a third party facilitator in doing so.
- iii. Identify ongoing training and education programs for the Board to ensure that Non-Executive Directors are provided with adequate information regarding the business, the industry and their legal responsibilities and duties.



**(e) Board diversity:**

The Committee is to assist the Board in ensuring the Board nomination process is in line with the diversity policy of the Board relating to gender, thought, experience, knowledge and perspectives. The policy on Board diversity is available, at <https://www.igxindia.com/>

**(f) Remuneration framework and policies:**

The Committee is responsible for reviewing and making recommendations to the Board on:

- a. Remuneration of executive Directors to be presented for shareholders' approval including severance, if any.
- b. Individual and total remuneration of non-executive Directors and the chairperson, including any additional fees payable for membership of Board committees;
- c. the remuneration and remuneration policies for KMP and Senior Management including base pay, incentive payments, equity awards, retirement rights, severance pay if any and service contracts having regard to the need to:
  - (i) attract and motivate talent to pursue the Company's long term growth;
  - (ii) demonstrate a clear relationship between executive compensation and performance;
  - (iii) be reasonable and fair, having regard to best governance practices and legal requirements and
  - (iv) balance between fixed and incentive pay reflecting short and long-term performance objectives as appropriate for the Company and its goals
  - (v) the Company's incentive compensation and equity based plans including a consideration of performance thresholds and regulatory and market requirements;



## **PART - B**

### **APPOINTMENT, REMOVAL AND RETIREMENT OF DIRECTOR, KMP AND SENIOR MANAGEMENT**

#### **APPOINTMENT CRITERIA AND QUALIFICATIONS:**

- ◆ 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.
- ◆ A potential candidate being considered for appointment to a position should possess adequate qualification, expertise and experience for the position. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient/satisfactory for the concerned position.
- ◆ The Committee shall determine the suitability of appointment of a person to the Board of Directors of the Company by ascertaining whether he satisfies the criteria as prescribed by the Petroleum and Natural Gas Regulatory Board (PNGRB) for appointment and disqualification as Director in the Gas Exchange.
- ◆ The Committee may recommend appropriate induction & training program for any or all the appointees.
- ◆ The Company shall normally not appoint or continue the employment of any person as Managing Director, Whole-time Director or Manager who has attained the age of seventy years. Provided, the term of the person holding such position may be extended beyond the age of seventy years with the approval of shareholders.
- ◆ The Company shall not appoint or continue the employment of any person as Managing Director / Executive Director who has attained the age of seventy years and shall not appoint or continue the directorship of any person as a Non-Executive Non-Independent Director who has attained the age of seventy five years. Provided that the term of the person holding this position may be extended at the discretion of the committee beyond the age of seventy years/seventy five 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/seventy five years as the case may be. The Company shall not appoint or continue the directorship of any person as



an Independent Director who has served as an Independent Director for three terms across Gas Exchanges subject to a maximum age limit of seventy five years.

- ◆ The Committee shall make recommendations to the Board concerning any matters relating to the continuation in office of any director at any time including the suspension or termination of service of a director subject to the provisions of law and the respective service contract.

#### **TERM/ TENURE:**

##### **Managing Director/Whole-time Director/Manager:**

- ◆ The Company shall appoint or re-appoint any person as its Managing Director/Whole-time Director/Manager 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.
- ◆ The appointment, renewal of appointment and termination of service of the managing director shall be approved by the board of directors on the recommendation of the nomination and remuneration committee.

##### **Independent Director:**

- ◆ An Independent Director shall hold office in Company for such term as prescribed under the Gas Exchange Regulations, 2020, Companies Act, 2013 and the Rules framed thereunder and other applicable statutory provisions.
- ◆ Appointment of the Independent Directors on the Board of Directors of the Company shall be approved by the Petroleum and Natural Gas Regulatory Board (PNGRB).
- ◆ The appointment including the terms and conditions of appointment of Independent Director shall be recommended by the Committee and approved by the Board of Directors of the Company subject to the approval of the Shareholders in the General Meeting.

No Independent Director shall hold office for more than two consecutive terms on the Board of the Company.

The Terms/ Tenure of the Senior Management Personnel/ KMP shall be as per the Company's prevailing policy.





## **EVALUATION**

The Committee shall carry out evaluation of performance of Directors, KMP or Senior Management yearly or at such intervals as may be considered necessary.

## **REMOVAL**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder, PNGRB (Gas Exchange) Regulations, 2020 or under any other applicable Act, rules and regulations, 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 Act, rules and regulations.

## **RETIREMENT**

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 along with the Rules framed thereunder and PNGRB (Gas Exchange) Regulations, 2020 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP or the Senior Management Personnel, in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.



## **PART-C**

### **PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSON, KMP AND SENIOR MANAGEMENT**

#### **GENERAL CRITERIA**

- ◆ The Committee will determine and recommend to the Board the remuneration/Compensation/Commission etc. to Managerial Person, KMP and Senior Management Personnel for approval. While determining the remuneration, the Committee shall ensure that, the level and composition of remuneration/Compensation/Commission etc. to be paid to the Managerial Person, KMPs, Senior Management Personnel, and other employees is reasonable and sufficient to attract, retain and motivate them in the company.
- ◆ The relationship of remuneration to performance should be clear and should encourage meeting of appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive / performance related pay reflecting achievement of short and long-term performance objectives appropriate to the working of the company and meeting its goals.
- ◆ Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managerial Person.
- ◆ The remuneration shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- ◆ Where any insurance is taken by the Company on behalf of its Managerial Person, KMPs, Senior Management Personnel and/or 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, unless such person(s) is/are proved to be guilty.

#### **REMUNERATION TO MANAGERIAL PERSON, KMPs AND SENIOR MANAGEMENT**

- ◆ Besides the above Criteria, the Remuneration/Compensation/Commission etc to be paid to Managerial Person and/ or KMPs and/or Senior Management shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder



and the PNGRB (Gas Exchange) Regulations, 2020 or any other enactment for the time being in force as also by Company policy.

## **REMUNERATION TO NON-EXECUTIVE DIRECTORS/ INDEPENDENT DIRECTORS**

- ◆ The Non- Executive / Independent Director may receive remuneration by way of sitting fees for attending meetings of the Board or Committee thereof.

Provided that the amount of such fees shall be such as determined by the Board of Directors of the Company from time to time and shall be within the maximum permissible limit as defined under the Companies Act, 2013 and the Rules framed thereunder.

- ◆ The remuneration /commission payable, if any, shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. Provided that Independent Directors shall be remunerated by way of sitting fees only as admissible to Independent Directors as per the provisions of the Companies Act, 2013.
- ◆ An Independent Director shall not be entitled to any stock options of the Company.

## **REMUNERATION TO OTHER EMPLOYEES**

- ◆ Apart from the Directors, KMPs and Senior Management Personnel, the remuneration for rest of the employees is determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity and market conditions.
- ◆ The various remuneration components, basic salary, allowances, perquisites etc. may be combined to ensure an appropriate and balanced remuneration package.
- ◆ The annual increments to the remuneration paid to the employees shall be determined based on the appraisal carried out by the HODs of various departments. Decision on Annual Increments shall be made on the basis of this appraisal.
- ◆ The various remuneration components, basic salary, allowances, perquisites etc. may be combined to ensure an appropriate and balanced remuneration package.



## **STOCK OPTIONS**

In addition to the normal/ regular remuneration package, Employee Stock Option Schemes are also in place for the Managerial Person, KMPs and other employees of the Company. To attract & retain talent, reward for performance and for creating long term shareholder value, the Committee may from time to time determine the stock options and other share-based payments to be made to Managerial Person (except Managing Director, Chief Executive Officer or Whole Time Director), KMPs, and other employees of the Company. Provided that no stock options and other share-based payments shall be made to Managing Director, Chief Executive Officer or Whole Time Director of the Company.

### **5. DISCLOSURE OF THIS POLICY**

This policy shall be disclosed in the Board's report as required under the Companies Act, 2013.

### **6. DEVIATIONS FROM THIS POLICY**

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

### **7. REVIEW AND AMENDMENT**

The Nomination and Remuneration Committee or the Board may review the Policy as and when it deems necessary. This Policy may be amended or substituted by the Nomination and Remuneration Committee or by the Board as and when required and also where there is any statutory changes necessitating the change in the policy.

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