



# International Combustion (India) Limited

CIN: L36912WB1936PLC008588

## **NOMINATION AND REMUNERATION POLICY**

*(Pursuant to Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

## A. PREAMBLE

Pursuant to the provisions of Section 178 of the Companies Act, 2013 ("the Act") and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, the Board of Directors of International Combustion (India) Limited ("the Company") has constituted the Nomination and Remuneration Committee ("NRC"). In accordance with the provisions of the Act and the SEBI Listing Regulations, the NRC is, inter alia, responsible for formulating criteria for determining the qualifications, positive attributes and independence of Directors, and for recommending to the Board a policy relating to the appointment and remuneration of Directors, Key Managerial Personnel ("KMP"), Senior Management Personnel ("SMP") and other employees of the Company. The Company recognizes that its human resources are a valuable asset and a key driver of sustainable growth and long-term value creation. Accordingly, this Nomination and Remuneration Policy ("Policy") has been formulated to establish a fair, transparent and performance-oriented framework for the appointment, evaluation and remuneration of Directors, KMPs, SMPs and employees, while ensuring alignment with the Company's strategic objectives, shareholder interests and principles of good corporate governance.

## B. OBJECTIVE

The policy serves as a cornerstone for good corporate governance, enhancing corporate performance and maximizing shareholder value. The objective of the policy is to develop mechanism to attract, retain, and inspire talent who share the Company's vision for growth. It seeks to achieve this through fair and transparent compensation tied to performance, fostering a culture of accountability and long-term value creation for all stakeholders. The key objectives of this policy are to:

- (a) Formulate criteria and conditions for Director appointments, considering qualifications, competencies, attributes, and independence. Recommend remuneration policies for Directors, KMPs and Senior Management.
- (b) To provide guidance to the Board regarding the appointment and removal of Directors, Key Managerial Personnels (KMPs), and Senior Management.
- (c) Provide framework for compensation and benefits to the Directors, Key Managerial Personnel and Senior Management and align with the Company's business strategies, values, key priorities, and goals.
- (d) Formulate criteria for Independence in accordance with the Act and Listing Regulations to assess the Independence of Directors and the Board.
- (e) Evaluate the performance of the board and devise policy to promote diversity among the Board of Directors.

## C. DEFINITIONS

In this policy, the meanings are assigned to the words, terms, expressions, and their derivatives in the Act and will apply unless the context indicates otherwise or if something is undefined.

- (a) "**Act**" refers to the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (b) "**Board**" means Board of Directors of the Company.
- (c) "**Committee**" means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.

- (d) **“Independent Director”** means a director referred to in Section 149 (6) of the Companies Act, 2013 and rules.
- (e) **“Key Managerial Personnel”** (KMP) means:
  - (i) the Managing Director (MD)
  - (ii) the Chief Executive Officer (CEO) or the manager and in their absence,
  - (iii) the Whole-time Director
  - (iv) the Company Secretary
  - (v) the Chief Financial Officer
  - (vi) employee, designated as key managerial personnel by the Board; and such other officer that may be prescribed.
- (f) **“Senior Management”** shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the persons identified and designated as KMP, other than the board of directors, by the listed entity.

#### **D. CONSTITUTION OF NOMINATION AND REMUNERATIONS COMMITTEE**

The Board shall constitute the Nomination and Remuneration Committee in accordance with the requirements of the Act and the SEBI Listing Regulations.

##### **(a) Composition**

- (i) The Committee shall comprise at least three Directors.
- (ii) All members of the Committee shall be Non-Executive Directors.
- (iii) At least two-thirds of the members of the Committee shall be Independent Directors.
- (iv) The Chairperson of the Committee shall be an Independent Director.

##### **(b) Quorum**

The quorum for a meeting of the Committee shall be either two members or one-third of the members of the Committee, whichever is greater, including at least one Independent Director.

#### **E. FUNCTIONS AND RESPONSIBILITIES OF NOMINATION AND REMUNERATIONS COMMITTEE**

The Committee shall have the following functions and responsibilities:

##### **(a) Nomination and Appointment:**

- (i) Identify persons who are qualified to become Directors and who may be appointed in Senior Management positions in accordance with the criteria laid down by the Committee.

- (ii) Evaluate the qualifications, skills, experience, expertise, integrity and independence of prospective candidates.
- (iii) Recommend to the Board the appointment, re-appointment and removal of Directors, KMPs and Senior Management Personnel.
- (iv) Devise a policy on Board diversity.
- (v) Formulate succession plans for Directors, KMPs and Senior Management Personnel.

**(b) Remuneration:**

- (i) Design and recommend a compensation policy for Board of Directors, Key Managerial Personnel, and Senior Management.
- (ii) Ensure the policy is fair, reasonable, competitive, transparent, and linked to performance.
- (iii) Approve and balance fixed pay and incentive pay components for directors, Key Managerial Personnel and Senior Management reflecting short-term and long-term objectives.

**(c) Performance Evaluation:**

- (i) Formulate criteria for evaluation of the performance of the Board, its Committees and individual Directors.
- (ii) Oversee the evaluation process, which may involve internal or external assessments.
- (iii) Review the effectiveness of the Board and recommend measures for improvement.
- (iv) Recommend training and familiarization programmes for Directors, particularly Independent Directors.

**(d) Other Duties:**

- (i) Review the size, structure and composition of the Board and recommend changes, where necessary, to ensure an appropriate balance of skills, experience, diversity and independence.
- (ii) Review this Policy periodically and recommend amendments to the Board, as may be required.
- (iii) Assist the Board in ensuring that plans are in place for orderly succession for appointments to the Board, Key Managerial Personnel and to senior management.
- (iv) Recommend to the board all remuneration, in whatever form, payable to senior management.
- (v) Recommend 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.
- (vi) Perform any other duties assigned by the Board or as required by law.

**F. CRITERIA FOR APPOINTMENT, TENURE, REMOVAL AND RETIREMENT OF DIRECTORS, KMPs AND SENIOR MANAGEMENT PERSONNEL**

**(a) General**

The Nomination and Remuneration Committee ("Committee") shall identify and recommend to the Board persons who are qualified to become Directors and who may be appointed in Key Managerial Personnel ("KMP") and Senior Management positions in accordance with the criteria laid down under this Policy and the applicable provisions of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws.

**For the purpose of identifying suitable candidates, the Committee may:**

- (i) engage the services of external consultants or search firms, if considered necessary;
- (ii) consider candidates from diverse backgrounds, having due regard to diversity of thought, experience, knowledge, gender and other relevant factors; and
- (iii) assess the availability and time commitment of prospective candidates to effectively discharge their duties and responsibilities.

**(b) Appointment Criteria and Qualifications**

The Committee shall ascertain the integrity, qualifications, expertise, experience, skills, knowledge and other attributes of the person proposed to be appointed as a Director, KMP or Senior Management Personnel and recommend such appointment to the Board.

In evaluating a candidate, the Committee shall consider, inter alia:

- (i) educational and professional qualifications;
- (ii) relevant industry and functional experience;
- (iii) leadership qualities and strategic perspective;
- (iv) integrity, reputation and ethical standards;
- (v) ability to devote sufficient time and attention to the affairs of the Company; and
- (vi) such other factors as may be considered relevant by the Committee.

A person proposed to be appointed as a Director shall possess an appropriate balance of skills, experience, knowledge and independence to enable effective contribution to the Board and its Committees.

The Committee shall have the discretion to determine whether the qualifications, expertise and experience of a candidate are adequate and appropriate for the position under consideration.

**(c) Tenure**

**(i) Managing Director / Whole-time Director**

The appointment or re-appointment of a Managing Director, Whole-time Director or Manager shall be governed by the provisions of the Companies Act, 2013 and other applicable laws, as amended from time to time.

**(ii) Independent Directors**

An Independent Director shall hold office for a term of up to five consecutive years and shall be eligible for re-appointment by way of a special resolution of the shareholders and disclosure of such appointment in the Board's Report.

No Independent Director shall hold office for more than two consecutive terms. An Independent Director shall be eligible for appointment after the expiry of three years from the date of cessation as an Independent Director, provided that he/she is not associated with the Company in any other capacity during such period, as prescribed under applicable law.

**(d) Removal**

Any Director, KMP or Senior Management Personnel may be removed in accordance with the provisions of the Companies Act, 2013, the Articles of Association of the Company and other applicable laws.

Where the Committee is of the opinion that a Director, KMP or Senior Management Personnel has become ineligible, disqualified or unsuitable to continue in office, it may recommend such removal to the Board, stating the reasons thereof.

**(e) Retirement**

The retirement of Directors shall be governed by the provisions of the Companies Act, 2013, the Articles of Association of the Company and other applicable laws.

The retirement of KMPs and Senior Management Personnel shall be governed by the applicable service rules, employment terms and policies of the Company, as amended from time to time.

The Board may, if considered necessary and in the best interests of the Company, extend the tenure or continue the employment of any KMP or Senior Management Personnel beyond the normal retirement age, subject to compliance with applicable laws and Company policies.

**G. REMUNERATION POLICY FOR DIRECTORS, KMPs AND SENIOR MANAGEMENT PERSONNEL**

**(a) General Principles**

The remuneration of Directors, Key Managerial Personnel ("KMPs") and Senior Management Personnel ("SMPs") shall be designed to attract, motivate and retain competent professionals and shall be aligned with the Company's business strategy, values, long-term objectives and shareholder interests.

The remuneration structure shall be reasonable, competitive, performance-oriented and sufficient to ensure high standards of professional management while maintaining a clear linkage between performance and reward.

The Nomination and Remuneration Committee ("Committee") shall recommend to the Board the remuneration payable to Directors, KMPs and Senior Management Personnel. Such remuneration shall be subject to the provisions of the Companies Act, 2013, the SEBI Listing Regulations and such other approvals as may be required.

**(b) Remuneration of Managing Director and Whole-time Directors**

The remuneration payable to the Managing Director and Whole-time Directors shall comprise such components as may be approved by the Board on the recommendation of the Committee and, where required, by the shareholders.

The remuneration may consist of:

- (i) Fixed Pay, including salary, allowances, perquisites and retirement benefits;
- (ii) Variable Pay and performance-linked incentives based on individual and Company performance;
- (iii) Benefits and perquisites as approved by the Board from time to time; and
- (iv) Stock options or other share-based benefits, if permissible under applicable laws and approved under the relevant schemes of the Company.

Where, in any financial year, the Company has no profits or its profits are inadequate, remuneration may be paid in accordance with the provisions of the Companies Act, 2013 and Schedule V thereto.

Any excess remuneration drawn by a Managing Director or Whole-time Director beyond the limits prescribed under applicable law shall be dealt with in accordance with the provisions of the Companies Act, 2013.

**(c) Remuneration of Non-Executive Directors and Independent Directors**

Non-Executive Directors and Independent Directors may be paid remuneration by way of:

- (i) Sitting fees for attending meetings of the Board and its Committees;
- (ii) Commission, if approved by the Board and shareholders in accordance with applicable laws;
- (iii) Reimbursement of expenses incurred in connection with attending Board and Committee meetings or in the performance of their duties.
- (iv) Independent Directors shall not be entitled to stock options of the Company.
- (v) Any remuneration paid to a Non-Executive Director for services rendered in a professional capacity shall not be considered as remuneration, provided that the Committee is satisfied that the Director possesses the requisite qualifications and the engagement complies with applicable laws.

**(d) Remuneration of Key Managerial Personnel and Senior Management Personnel**

The remuneration of KMPs and Senior Management Personnel shall be market-competitive and shall appropriately reflect the individual's qualifications, experience, responsibilities, performance and contribution to the Company.

The remuneration structure may comprise:

- (i) Fixed Pay, including salary, allowances, retirement benefits and other eligible benefits;
- (ii) Performance-linked incentive pay based on achievement of individual and organizational goals; and

- (iii) Stock options or other share-based benefits, where approved under the applicable employee benefit schemes of the Company and in compliance with applicable laws.

The Committee shall periodically review the remuneration structure of KMPs and Senior Management Personnel to ensure continued alignment with market practices and the Company's strategic objectives.

**(e) Retirement Benefits**

The Company shall provide retirement benefits, including provident fund, gratuity, superannuation and such other benefits as may be applicable under the Company's policies and the provisions of applicable laws.

**(f) Minutes of Committee Meetings**

Proceedings of all meetings of the Committee shall be recorded in accordance with the provisions of the Companies Act, 2013, Secretarial Standards and other applicable laws. The minutes shall be approved and signed by the Chairperson of the meeting or the Chairperson of the succeeding meeting and shall be placed before the Board for noting.

**(g) Disclosure**

This Policy shall be disclosed in the Board's Report and/or on the Company's website in accordance with the requirements of the Companies Act, 2013, the SEBI Listing Regulations and other applicable laws.

**H. REVIEW AND AMENDMENT**

The Nomination and Remuneration Committee shall review this Policy periodically and recommend to the Board such amendments, modifications or revisions as may be considered necessary or desirable.

The Board of Directors reserves the right to amend, modify, revise or withdraw this Policy, in whole or in part, at any time, in accordance with the applicable provisions of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws, rules and regulations.

In the event of any conflict between the provisions of this Policy and any statutory provisions, rules, regulations or amendments thereto, the applicable statutory provisions shall prevail and this Policy shall be deemed to have been modified to the extent necessary to give effect to such provisions.

**I. EFFECTIVE DATE**

This Policy shall be effective from the date of its approval by the Board of Directors of the Company and shall remain in force until amended, modified or rescinded by the Board.