



# **APRAAVA ENERGY PRIVATE LIMITED**

## **Nomination & Remuneration Policy**

## INTRODUCTION

In terms of Section 178 of the Companies Act, 2013 (“Act”), the Nomination and Remuneration Committee (“NRC”) of the Board is, *inter alia*, required to formulate a Policy laying down the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a Policy, relating to the remuneration for Directors, Key Managerial Personnel and other Senior Management employees.

**Explanation:** For the purpose of this Policy, “Senior Management” shall mean, those individuals designated as Senior Management by the Board (or its delegate) from time to time, with initial Senior Management comprising with respect to the Company, the Managing Director, the Chief Financial Officer, the Chief Operating Officer, General Counsel, the Director – BD & Commercial (Conventional), the Director – BD & Commercial (RE), the Senior Vice President -M&A, Director – Human Resources and Head of Internal Audit, and “Senior Manager” shall mean any of them.

In view of the above, the NRC of Apraava Energy Private Limited (“the Company”) has framed this Nomination & Remuneration Policy (the “Policy”) applicable to its Directors, Key Managerial Personnel (“KMP”) and Senior Management employees.

## PURPOSE

The objectives of the Policy are:

- i. To formulate the criteria for determining qualifications, positive attributes and independence for appointment of a director.
- ii. To recommend a Policy, relating to the remuneration for Directors, Key Managerial Personnel and other Senior Management employees.

## PRINCIPLES

The main principles of Apraava Energy’s remuneration policy are:

- i. No individual or any of his/her close associates shall determine his / her own remuneration
- ii. Remuneration will be broadly aligned with organizations with whom Apraava Energy competes for talent; and
- iii. Remuneration should reflect performance, complexity and responsibility with a view to attracting, motivating and retaining high performing individuals and promoting the enhancement of the value of the Company to its Shareholders.

## **POLICY FRAMEWORK**

### **A] Board Evaluation Policy**

In order to enable the NRC to discharge its role relating to performance evaluation, the NRC shall formulate a Board Evaluation Policy and recommend the same to the Board for adoption, if applicable. The NRC shall be guided by the Board Evaluation Policy, as amended from time to time, for evaluation of individual Directors (including Chairperson of the Company, where appointed), Committees and the Board as a whole.

### **B] Nomination Policy**

The NRC is responsible for implementation of the Policy, *inter alia*, and including but not limited to, discharging the following roles:

- i. Review and assess the composition of the Board from time to time, with the objective of ensuring that the Board has an optimum mix of executive and non-executive directors
- ii. Identify appropriate qualified personnel to occupy Board positions
- iii. Consider candidates from a wide range of backgrounds, having due regard to expertise and diversity based on current and future requirements of the Company.
- iv. Managing the process of recruiting new Directors, defining requisite skills and expertise and making recommendations to the Board
- v. Ensure that the selection process is formal and thorough and non-discriminatory; and
- vi. Review and report any changes in relation to the diversity of the Board, from time to time

While undertaking the aforesaid responsibilities, the NRC may take into account the below parameters:

#### **General Parameters:**

A transparent Board nomination process that encourages diversity of thought, experience, skills, knowledge, perspective, educational background and reflects the diversity of the regions we operate in, including but not limited to age, gender, disability, language, religion, region, sexual orientation, and socio-economic background.

The consideration and selection of candidates for appointment to the Board will be based on merit which shall include a review of any candidate's integrity, experience, educational background, industry, related and more general experience.

#### **Independence Parameters:**

When considering the appointment / re-appointment of an Independent Director, the NRC shall assess independence of a Director. Thereafter, the Board shall assess the independence annually. The Board shall re-assess the independence as and when a new interest is disclosed

by a Director. In this regard, the criteria of independence as specified in Companies Act, 2013 shall be considered.

**Behavioural Parameters:**

The NRC shall consider the following criteria for determining the positive attitude of a director:

- i. Acts objectively and constructively while discharging duties and responsibilities
- ii. Actively participates in developing strategies for addressing issues concerning opportunities and risks for the Company
- iii. Keeps well informed about the Company and the external environment in and around which it operates; and
- iv. Acts collaboratively with other Directors on the Board

**Other consideration / resources:**

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

- i. Use the services of an external agencies, if required;
- ii. Consider candidates from a wide range of backgrounds, having due regard to diversity; and
- iii. Consider the time commitments of the candidates.

**C] Remuneration Policy**

The overall limits of remuneration of the Board members, including executive Board Members (i.e. Managing Director, Whole-time Director, Executive Directors, etc...) and Non-Executive Independent Directors are governed by the provisions of Section 197 of the Companies Act, 2013 (the “Act”), if applicable. Rules made thereunder read with Schedule V to the Act, as may be applicable, and shall be approved by the shareholders of the Company and shall be subject to availability of profits of the Company.

Within the overall limit approved by the shareholders, on the recommendation of the Committee, the Board shall determine the remuneration. The Board can determine different remuneration for different Directors on the basis of their role, responsibilities, duties, time involvement etc.

▪ **Remuneration for Independent Directors**

Independent Directors (“ID”) shall be remunerated by way of profit linked commission and / or sitting fee for each meeting of the Board / Committees of the Board attended by them, as may be determined by the Board of Directors of the Company, from time to time. The Board may, at its absolute discretion, determine separate rates for sitting fees of the Board, any of the Committees thereof as also pay a higher fee for chairing the Board / Committees, if deemed fit. Further, IDs shall be reimbursed for any out-of-pocket expenses incurred by

them for the purpose of attending the Meetings of the Company or for any legitimate expenses done by them to discharge their roles as IDs of the Company.

▪ **Remuneration for Executive Directors, KMP's and Senior Management employees**

The following elements shall be taken into consideration for determining the Remuneration of Executive Directors, KMP's and Senior Management employees:

- The Policy reflects a balance between the interests of Company's main stakeholders as well as a balance between the Company's short-term and long-term strategy. As a result, the structure of the remuneration package for the Executive Directors, KMP's and Senior Management employees, is designed to balance short-term operational performance with the medium and long-term objective of creating sustainable value within the company, while taking into account the interests of its stakeholders.
- The Company strives for a high-performance culture and aims to maintain a good balance between economic gain, respect for people and concern for the environment.
- To ensure that highly skilled and qualified KMP's and Senior Management employees can be attracted and retained, the Company aims for a total remuneration level that is comparable to levels provided by peers.
- In designing and setting the levels of remuneration for the Executive Directors, KMP's, Senior Management and other employees, the NRC will also take into account the relevant statutory provisions and market trends and the interests of stakeholders.
- The remuneration shall involve a balance between the fixed and variable components reflecting short-term and long-term performance objectives.
- To ensure that relationship of remuneration to the performance is clear and meets appropriate performance benchmarks which are unambiguously laid down and communicated.

▪ **Remuneration for other Employees**

Remuneration of other employees of the Company comprises a fixed and variable (Annual Incentive) component which will be reviewed on an annual basis. Increase in the remuneration of employees is determined on the basis of an annual review taking into account internal and external equity, performance of the employee and also, the performance of the Company.

## **REVIEWS / AMENDMENTS TO THE POLICY**

This Policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and the requirements of Listing Regulations with the Stock Exchanges. In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

The NRC shall review this policy periodically to ensure that it is aligned with the changes in the legal as well as the business environment. Any changes or modification to the policy as recommended by the NRC would be placed before the Board of Directors for its approval.