

## **NOMINATION AND REMUNERATION POLICY OF SEPC LIMITED**

### **Introduction:**

This policy has been formulated in compliance with regulatory requirements under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws outlining the procedures and processes to be undertaken for identifying suitable candidates to be appointed as the Members of the Board of Directors, Key Managerial Personnel and who may be appointed as Senior Management Personnel of this company and remuneration payable to them.

### **Objective:**

This policy is intended to achieve the following objectives of:

- (i) Formulating a framework for identifying persons who are qualified to become directors and who may be appointed in senior management
- (ii) Formulating a framework for determining qualifications, positive attributes, skill sets and independence criteria to be satisfied by the proposed appointee to the Board, Key Managerial and Senior Management
- (iii) Formulating a framework for remuneration payable to Directors, Key Managerial Personnel, Senior Management
- (iv) Formulating a framework for ensuring board diversity.
- (v) Formulating a framework for evaluating the performance of the Board as a whole and as well as individual directors.

### **Nomination and Remuneration Committee:**

The company shall form a committee named Nomination and Remuneration Committee consisting of a minimum of three or more members of which all shall be non-executive members of the Board and at least two third of them shall be Independent Directors.

The Nomination and Remuneration Committee shall meet at least once in a financial year.



The committee has been constituted by the Board of Directors of the Company with the following roles and responsibilities:

- (i) Formulation of 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 of the directors, key managerial personnel and other employees;
- (ii) Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (iii) Devising a policy on diversity of board of directors;
- (iv) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal.
- (v) Whether to extend or continue the term of appointment of the independent director, on the basis of the performance evaluation of independent directors.
- (vi) Recommend to the board all remuneration, in whatever form, payable to senior management.
- (vii) Such other roles and responsibilities as may be delegated by the Board from time to time.

**Definitions:**

**‘Board’** means Board of Directors of the company.

**‘Directors’** means all individuals who are members in the Board of the company.

**‘Committee’** means the Nomination Remuneration Committee of the company so constituted in pursuance to applicable provisions of law.

**‘Independent Director’** means a director who satisfies all eligibility criteria laid down under Regulation 16 of SEBI LODR Regulations read along with Section 149 of Companies Act, 2013 and its corresponding rules.

**‘Key Managerial Personnel’** means

- Chief Executive Officer or Managing Director or the Manager



- Company Secretary
- Whole Time Director
- Chief Financial Officer
- Such other officer, not more than one level below the directors who are in whole time employment, designated as Key Managerial Personnel by the Board
- Such other person as may be prescribed.

“**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 key managerial personnel, other than the board of directors, by the listed entity.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Act and Listing Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.

### **Applicability**

The policy is applicable to:

- (i) Directors
- (ii) Key Managerial Personnel
- (iii) Senior Management Personnel

### **General**

The policy is classified into the following parts:

**Part A** - Criteria for determining eligible candidates for appointment as a Director of the Board, Key Managerial Personnel and Senior Management.

**Part B** - Appointment of Directors, Key Managerial Personnel and Senior Management.

**Part C** - Policy relating to evaluation of the performance and fixing of remuneration of the Directors, Key Managerial Personnel and Senior Management of the company.



## Part –A

### **Criteria for determining eligible candidates for appointment as Director of the Board, Key Managerial Personnel and Senior Management:**

The following criteria shall be considered by the committee in identifying eligible candidates suitable for appointment as the members of the Board, as Key Managerial Personnel or as Senior Management Personnel.

#### **Positive Attributes:**

- Highest personal and professional ethics, integrity and values
- Shares the values and beliefs of the Company.
- Inquisitive and objective perspective, practical wisdom and mature judgment.
- Demonstrates intelligence, maturity, wisdom and independent judgment
- Self-confidence to contribute to board deliberations and has a stature that other board members will respect his or her views.
- Ethical, Integrity & Transparency. - Has/acquires sufficient knowledge in the Company's business and operations.
- Demonstrate sound judgment gained through experience & expertise in management/ technical/ financial /governance or regulatory matters.
- Foreseeing ability to see and prepare for the future, anticipate needs, opportunities and threats.
- Managerial abilities required to lead and guide the management such as effective communication skills, cultural sensitivity, flexibility, team player, strategic thinking and balancing risk with opportunity, ability to juggle several variables and make complicated decisions etc.

#### **Experience and Background**

- Well-accomplished in his / her respective field.



- Demonstrated success at policy-setting and strategy development levels in a large organization (such as corporation, government, academic institution or profession)
- Typically held first level leadership position (i.e., Chair, CEO or President or equivalent) or second level (i.e., COO, CFO or head of a major subsidiary or line of business) unless the Board is seeking a particular skill set (e.g., Technology, Human resources management or financial expert)
- A mastery of a broad knowledge area (e.g., engineering, finance, marketing, corporate affairs, technology, law, human resources management, executive leadership) that complements the skills of current board members and of the proposed role.
- A fit and proper person with absence of adverse events (e.g., bankruptcy affiliations, securities law sanctions, disqualifications under Companies Act 2013 or other applicable laws etc.) that either disqualify or require adverse disclosures.
- The attitude and interpersonal skills that indicate the candidate will be an effective member of the board of directors' and work as a "team" in a major company setting.
- Should act on a fully informed basis, in good faith, with due diligence and care and in the best interest of the Company and its stakeholders.
- Should be able to exercise objective independent judgment on corporate affairs.
- Special skills, expertise and background that contribute to the diversity of views and perspectives of the Board as a whole.
- Willingness to devote sufficient time to carry out the duties and responsibilities effectively, including attendance at meetings.
- Willingness to undertake appropriate induction and regularly update and refresh his/her skills, knowledge and familiarity with the Company.
- Commitment to representing the long-term interests of the shareholders and balancing the interests of stakeholders.
- Willingness to challenge management in a constructive manner while working effectively as a part of a team in an environment of collegiality and trust.



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- Protecting the legitimate interests of the Company, its shareholders and employees and maintain confidentiality.
- Meets the age criteria and applicable restrictions if any placed by the Board.
- Absence of personal and business relationships / directorships that would pose a conflict of interest to the proposed positions.

### **Independence Standards:**

A Director is independent if the Board affirmatively determines that he/she meets the Independence criteria provided under the applicable laws. In addition to applying these guidelines, the Board will consider all relevant facts and circumstances in making its determination relative to a director's independence. Two core objectives in selecting board members and continued board service are that the skills, experiences and perspectives of the Board, as a whole, should be broad and diverse and the collective talent should blend together to be as effective as possible.

### **Part –B**

### **Appointment of Directors, Key Managerial Personnel and Senior Management:**

#### **Appointment:**

- The company shall ensure that the composition of the Board is of an optimum combination of executive, non-executive and independent directors, which ensures their operations to be in the best interests of the company.
- The company shall ensure that its Board Composition is in line with the applicable laws.
- The company shall not appoint or continue the employment of a managing director or a whole-time director who has attained the age of seventy years except with the approval of the shareholders by way of special resolution.
- The company shall not appoint or continue any person as a non-executive director of the company who has attained 75 years of age unless a special resolution is passed to this effect.
- The Company shall ensure that any person's appointment as a member of the Board or as a manager is approved by the shareholders at the next general meeting or within three months from the date of appointment whichever is earlier.



- The committee, considering the aforesaid qualifications, positive attributes, independence criteria and personal traits, shall identify suitable candidates who are eligible to be appointed as Director or as Key Managerial Personnel or as Senior Management Personnel and recommend to the Board for their appointment.
- For the appointment of an Independent Director, the committee shall evaluate the balance of skills, knowledge and experience on the Board and based on such evaluation, prepare a description of the role and capabilities required of an independent director. The committee shall identify a person who has the capabilities identified in such a description.
- The committee may consider candidates from a wide range of backgrounds considering the diversity the candidate brings to the Board.
- The committee has the discretion to utilize the services of external agencies for assisting the committee in identifying suitable candidates.

#### **Board Diversity:**

The committee shall, while considering any appointment to the Board, factor in the diversity a person's appointment adds in relation to the skills, experience, independence and knowledge to add new perspectives and values to the collective intellect of the members of the Board.

### **Part - C**

#### **Remuneration of the Directors, Key Managerial Personnel and Senior Management of the company**

#### **Performance evaluation of the individual members as well as the whole of the Board and its Committees:**

- The Board shall, in its first meeting of the succeeding financial year evaluate the performance of the individual members of the Board as well as its committees and the Board and its Committees as a whole for the preceding financial year based on the evaluation criteria identified by the Nomination Remuneration Committee and approved by the Board.
- Further, Independent Directors of the Company shall meet at least once in a financial year without the presence of other non-independent directors and shall review and evaluate



- a) The performance of non-independent directors and the Board of directors as a whole.
  - b) Review the performance of the Chairperson of the listed entity, considering the views of other executive and non-executive directors.
  - c) Assess the flow of information and its adequacy and timeliness from the management to ensure effective execution of the Board's duties.
- The Board shall evaluate the performance of the Independent Directors which shall include the following:
- a) Performance of the Independent Directors
  - b) Fulfillment of the independence Criteria and their independence from the management.

The person who is being evaluated shall not participate for that item of business.

**Remuneration payable to Directors, Key Managerial Personnel and Senior Management Personnel of the Company:**

- The remuneration payable to the members of the Board including executive directors, managing director and whole-time directors shall be governed by Section 197 of the Companies Act, 2013 read along with its rules and Schedule V of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.
- In compliance with the limits specified in the Law or by the shareholders in the general meeting, the Board is empowered to approve the remuneration payable to the members of the Board on the recommendation of the NRC Committee.
- The remuneration payable to Key Managerial Personnel and Senior Management Personnel of the company which shall be decided after considering the performance of the aforesaid individuals and standard market practices and prevailing HR policies of the company and place them before the Committee for its perusal and recommendation to the Board for its approval.
- Independent Directors of the Company shall not be entitled to any stock options.





**Amendment and Severability:**

Any subsequent amendment / modification in the Listing Regulations or the Act or any other governing Act/Rules/Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and/or amended to that extent, even if not incorporated in this Policy.

In any case, if any part of this policy is in contradiction to the provisions of the applicable laws, to such an extent, the policy shall be severable and the provisions of the law be complied with.

Amended as on February 13, 2025

