



Nomination and Remuneration Policy

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Nomination and Remuneration Policy

1. Preamble

This Nomination and Remuneration Policy provides the framework for defining the criteria, qualifications and attributes of a person to be appointed as a Director and also for deciding remuneration of members of the Board of Directors, Key Managerial Personnel (KMP), senior management personnel and other employees of the Company and its wholly owned subsidiaries.

This Policy is guided by the principles and objectives as enumerated in relevant regulations of the Companies Act, 2013 (Act) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) and the approved Terms of Reference (ToR) of the Nomination and Remuneration Committee (NRC). This policy ensures reasonableness and sufficiency of remuneration to attract, retain, motivate and create value for competent resources, in accordance with the short and long term performance of the Company.

This policy reflects the remuneration philosophy and principles of the Company and benchmarks the pay and employment conditions with peers / competitive market to ensure that pay structures are appropriately aligned.

2. Definitions

“senior management” shall mean the officers and personnel of the Company 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 Executive Directors or Managing Director (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 (KMP), other than the board of directors, by the Company.

Accordingly, the Company has classified its Chief Marketing Officers (CMOs), Chief Business Officers (CBOs), Chief Operating Officers (COO), Business Function heads and its KMPs (i.e. core management team) as Senior Management Personnel.

The words and expressions used and not defined in this policy but defined in the Act or SEBI Listing Regulations entered with the stock exchanges shall have the meanings respectively assigned to them in the Act/Rules and Regulations.

3. Policy for appointment and removal of Director, KMP and Senior Management

a. Appointment criteria and qualifications

- i. The NRC shall evaluate the balance of skills, knowledge and experience of the Board and based on such evaluation, prepare a description of the role and capabilities required of a prospective director. Basis such description, the NRC shall identify and ascertain the integrity, qualification, independence, expertise and experience of the person and recommend their appointment to the Board of Directors.

- ii. The NRC shall also establish criterion for identification and appointment of KMP or Senior Management Personnel of the Company and recommend such appointments to the Board. The authority to appoint Senior Management personnel, in accordance with the pre-defined selection criteria, may be delegated to the Managing Director / Executive Director, which shall be ratified by the NRC at its subsequent meeting.
- iii. A person should have adequate qualification, positive attributes, independence, expertise, and experience for the position considered. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- iv. The Nomination and Remuneration Committee shall ensure that the Board Diversity policy of the Company is adhered and has an optimum and balanced Board composition with varied experience in order to have an effective Board.

b. Term / Tenure

The term and tenure of the appointment of Directors shall be as per the applicable provisions of the Act and SEBI Listing Regulations. The Company's HR Policies, as amended from time to time, would be applicable to the KMP and senior management personnel.

c. Evaluation

The NRC shall define the criteria and manner for Board evaluation, and undertake the annual performance evaluation of every director, the Board as a whole, its Committees, KMP and Senior Management Personnel.

d. Removal

Due to any reasons mentioned in the Act or any other applicable existing act, rules and regulations, the Nomination and Remuneration Committee may recommend, to the Board with reasons recorded in writing, for removal of a Director, KMP or Senior Management Personnel subject to the Compliance of the said Act, rules and regulations. The removal of the KMP and Senior Management Personnel shall be in accordance with Company's HR policies, as amended from time to time.

e. Retirement

The KMP and Senior Management Personnel shall retire as per the prevailing policy of the Company. The Board will have discretion to retain any KMP and Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

4. Policy relating to the Remuneration of Non-Executive Directors (including Independent Directors), Executive Director, Key Managerial Personnel and Senior Management Personnel

a. Remuneration of Non-Executive Directors (including Independent Directors)

- i. The remuneration payable to the Non-Executive Directors (NED) shall comprise sitting fees, reimbursement of expenses for attending Board/Committee meetings, in addition to receiving profit-related commission (as may be approved by the shareholders of the company). Independent Directors are not entitled to any stock options.
- ii. The proposal for payment of such Commission shall be placed before the Board every year for its consideration and approval. This proposal shall be aligned with the industry benchmarking and based on individual contributions.

b. Remuneration of Executive Directors

- i. The compensation paid to the Executive Directors (including the Managing Director) shall be within the limits approved by the Shareholders. The elements of the total compensation are annually-recommended by the Nomination and Remuneration Committee within the overall limits specified under the Act, the SEBI Listing Regulations and Shareholders approvals.
- ii. The elements of compensation of the Executive Directors include salary, perquisites and commission.
- iii. In case of inadequacy of profit in any financial year, the remuneration payable to the Executive Director shall be subject to the relevant provisions of the Act.
- iv. Executive Directors will not be paid sitting fees for any Board/ Committee meetings attended by them.
- v. The Company shall act in accordance with applicable provisions of Section 199 of the Act, in the event of recovery of remuneration and other expenses paid/incurred to its Executive Directors.

c. Remuneration to Key Managerial Personnel, Senior Management Personnel and other employees

The Company's total compensation for Key Managerial Personnel, Senior Management Personnel and other employees may consist of:

- fixed compensation;
- variable compensation in the form of Variable Performance Pay;
- performance based long term incentive schemes including any employee stock option schemes, if any;
- benefits; and
- work related facilities and perquisites

- i. Fixed compensation is determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills, experience and performance of the employee. Fixed compensation broadly includes Basic Salary, Housing Allowance, Leave Travel Allowance and special allowance.
- ii. The Annual Variable Performance Pay (VPP) of Senior Management Personnel is linked directly to the performance of the Business Unit/ Company in accordance with the VPP Scheme of the Company and individual performance.
- iii. Certain employees are also eligible for incentive schemes including any employee stock option schemes, if any, as per the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2015 or any other applicable regulations, as amended from time to time. The Company's Nomination and Remuneration Committee shall administer the said Schemes and grant stock options to eligible employees in accordance with the Scheme.
- iv. Based on the grade and seniority of employees, Benefits for employees include:

Health-Related:

- a. Health (hospitalization) insurance
- b. Accident and Life insurance

Retirement-Related:

Contribution to a Superannuation Fund (in addition to statutory benefits such as Provident Fund account, Gratuity etc.)

- v. The Employees are also eligible for work-related facilities and perquisites, as may be determined through HR policies issued from time to time based on the Grade of the employee.
- vi. An annual performance evaluation process is applicable to all directors, senior management personnel, key managerial personnel and employees. The annual increases in compensation of such individuals and proposals for re-appointment (in case of directors) are directly linked to the outcome of their performance evaluation.
- vii. Overall compensation shall be subject to periodic reviews which takes into account data from compensation surveys conducted by specialist firms, as well as factors such as Company's performance and the economic environment.
- viii. Employees may be eligible for severance payments in accordance with the termination clause in their employment agreement, subject to applicable regulatory requirements

5. Succession Planning

Independent Directors: The successors for the retiring Independent Directors shall be identified by the NRC at least one quarter before expiry of their scheduled term. In case of resignation or otherwise, the successor will be appointed within the time period stipulated in the Act/SEBI Listing Regulations.

Executive Directors: The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management Personnel or through external source as the Board may deem fit after considering experience, expertise and other such criteria required for the successor.

Senior Management Personnel and other employees: The succession planning for the Senior Management Personnel and other employees shall be as per the relevant HR process which includes identifying the key critical roles and their performance evaluation scorecards.

The NRC shall identify the list of key critical roles, skills and competencies required for such roles, potential successions (within/outside company) along with ensuring systematic and long-term development of the identified successors and an orderly transition plan, whenever the need arises.

6. Adoption, Changes and Disclosure of Information

- i. This Nomination and Remuneration Policy and any changes thereof, are approved by the Board of Directors based on the recommendation(s) of the Nomination and Remuneration Committee.
- ii. The policy may be reviewed at such intervals as the Board or Nomination and remuneration Committee may deem necessary.
- iii. Such disclosures of this Nomination and Remuneration Policy, board evaluation criteria etc., as may be required under the Act and Listing Regulations, may be made in the Board's Report and Company's website.