

Nomination & Remuneration Policy

A. Preamble

SPEL Semiconductor Ltd (SPEL) strongly believes that human resources which manage the other resources have infinite potential, and therefore, their development is the key to organizational effectiveness. We commit ourselves to integrate human resources with Organizational growth and development for mutual benefit.

B. Scope

This Nomination and Remuneration Policy of SPEL has been formulated in compliance with Section 178 and other applicable provisions of the Companies Act 2013 read with the applicable rules thereto and re-enactment thereof and applicable regulations of SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015.

C. Objective

- a) To laydown criteria in relation to Appointment and Removal of Directors, Key Managerial Personnel (KMP) and Senior Management
- b) To formulate criteria for determining qualification, positive attributes and independence of a Director.
- c) To review the elements of the remuneration package, structure of remuneration package for the Directors, KMPs and other Senior Management.
- d) To review the changes to remuneration package, terms of appointment, severance fee, requirement and termination policies and procedures.
- e) To recommend the shortlisted candidates who are qualified to be Director and who can be appointed in Senior Management position
- f) The committee is authorised to seek information about any employee and the management is directed to co-operate.
- g) The Committee can be present at the General Meeting to answer the shareholder's queries.
- h) Recommendation of success plans for the directors.

D. Definitions

“Key Managerial Personnel”, in relation to a company, means (i) the Chief Executive Officer or Head (Operations) (ii) the whole-time director; (iii) the Chief Financial Officer; (iv) the Company Secretary and (v) such other officer as may be prescribed under the Companies Act 2013.

“Nomination and Remuneration Committee” shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act and Regulation 19 of SEBI LODR (Listing Obligations & Disclosure Requirements) Regulation, 2015.

“Senior Management”: - means executives of the company who are members of its core management team excluding Board of Directors & key managerial personnel comprising all members of management one level below the executive directors, including the functional heads.

E. Policy

The Nomination & Remuneration Committee (“Committee”) constituted by the Board of Directors of the Company, shall identify, ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level. The Committee has powers to decide whether qualification, expertise and experience possessed by a person are sufficient for such position. The Committee delegates its powers to Human Resources Department of SPEL as regards the Senior Management personnels are concerned.

F. Composition of the Committee

The composition of the Committee is / shall be in compliance with the Companies Act, 2013, Rules made thereunder, and the Rule made under SEBI LDOR Regulations, 2015. There shall be Minimum of 3 Non-

Executive Directors out of which two shall be Independent Directors. Chairperson shall be an independent director.

1. Executive Directors

The Appointment or Removal of the Executive Directors shall be in accordance with the provisions of the Companies Act 2013 (as amended from time to time) read with the applicable Rules framed under the Companies Act 2013 and also in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

a. Independent Directors

An independent Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business and such other related areas as the Nomination & Remuneration Committee may in its absolute discretion deem fit.

The Independent Directors of the Company shall also be subject to Familiarization Programme for Independent Directors framed by the Company in this regard. The Terms and Conditions for Appointment / Removal of Independent Director shall be as per the Policy framed by the Company in this regard. The criteria followed for Director disqualification / removal shall be as below:

- i. A person of unsound mind.
- ii. Become Bankrupt.
- iii. Convicted by a court for moral turpitude and sent to prison for not less than 6 months.
- iv. Absenteeism from the Board & Committee meetings. consecutively for a period of 12 months.
- v. Participation in illegal activities.
- vi. Sharing sensitive and confidential information to an unauthorized person.
- vii. Inappropriate / disrespected behaviour during the Board meetings.
- viii. Making use of the company for personal gains.
- ix. Violating Code of Ethics of the company.
- x. Getting associated with the Companies competitors.
- xi. Removal by majority of the Shareholders.
- xii. he acts in contravention of the provisions of section 184 relating to entering into contracts or arrangements in which he is directly or indirectly interested;
- xiii. he fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested, in contravention of the provisions of section 184;

b. KMP, Senior Management and other Employees

The Company has an organizational chart displaying the position of Senior Management including KMP and other positions with the minimum qualifications and experience requirements for each position which commensurate with the size of its business and the nature and complexity of its operations. Any new recruit in the company is to match the requirements prescribed in the organizational chart of the Company. Any removal of Key Managerial personnel, Senior Management shall be done in consultation with the Board and NRC committee.

2. Remuneration

a. Remuneration to Managing / Whole-Time / Executive / Director, KMP and Senior Management Personnel:

The Remuneration/ Compensation/ Commission etc. to be paid to Director/Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and subject to Shareholder / Board approval.

The remuneration /compensation /commission, etc., as the case may be, shall also be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required and shall be in accordance with the provisions of the Act and Rules made there under. The remuneration of KMP and Senior Management shall be fixed based on HR policy of the company and done in consultation with NRC and Board.

b. Remuneration to Non-Executive / Independent Director

The Non-Executive / Independent Director may receive remuneration by way of remuneration / commission / sitting fees. The amount of sitting fees shall be decided by the Committee / Board / shareholders and subject to limits as provided under the Companies Act, 2013 and rules made there under and subject to SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 or any other enactment for the time being in force. It is the discretion of the Board to consider paying the sitting fees only to Independent Directors.

c. 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. The power to decide structure of remuneration for KMP, Senior Management and other employees has been delegated to the Human Resources Department of the Company.

3. Review & Amendment

1. The NRC or the Board may review the Policy as and when it deems necessary
2. This Policy may be amended or substituted by the NRC or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.

The Evaluation policy of the Board, Committees and Directors is provided in "Draft Evaluation Policy for Directors" and the same is hosted in <http://www.natronix.net/Draft Performance Evaluation Policy.pdf>