

SECTION 178 – NOMINATION AND REMUNERATION COMMITTEE (“NRC”)

1. Constitution of Nomination and Remuneration Committee (“NRC”)

Particulars	
Applicability	All PUBLIC listed Companies
	Public Companies having:-
	PUSC ≥ 10 crore
	Turnover ≥ 100 crore
	Outstanding loans/deposit/ borrowings/debentures > 50 crore
Composition	3 or more Non-Executive Director out of which not less than one-half shall be independent directors.

Same as ID and
Audit Committee
limit



Section 8
Company is **NOT**
covered

2. Whether Chairperson of the Company can become the Chairperson of NRC??

- **No. However, he can become the member (He can be executive or Non-Executive)**

3. Chairperson of Committee or in his absence person authorised shall attend the General Meeting

4. General Duties or Functions.(Memory Technique is Rest In Peace i.e. First RIP)

Identify person who are qualified to become director and may be appointed in Senior Mgmt as per criteria laid down.

Identification

Recommendation

Performance Evaluation

Recommend to Board :-

Appointment and Removal of Directors.

Policy relating to Remuneration for Directors, KMP and employees.

Formulate criteria to determine Qualification, Positive Attribute and Independence of Director

Carry out Evaluation of Every Director's Performance

5. Points to Remember while formulating Remuneration policy (PIL).

I. Level and Composition – The level and composition of remuneration is:

Reasonable and Sufficient to **attract, retain and motivate** quality directors to run the company successfully.

II. Performance Based : Relationship of remuneration to performance is :

- a) clear and
- b) meets appropriate performance benchmarks

III. Incentive and Fixed Pay - A balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals (For Directors, KMP and Senior Mgmt)

6. Disclosure in Boards Report – Remuneration Policy

STAKEHOLDER RELATIONSHIP COMMITTEE

Particulars	
Applicability	All listed Companies
	Company having MORE than 1000 (ONE THOUSAND)
	Shareholders, Debenture holders, Deposit holders and Other security holders
	At any time during a Financial Year.
Chairperson	Chairperson should be Non- Executive
No of Directors	As decided by Board
Duties	Consider and Resolve the grievances of security holders of the company.
	Protect Interest of Security Holders and not merely Shareholders.

ATTENTION!!!

Listed Company is **NOT** specifically

Private
Companies **are**
Covered

Section 8
Company is **NOT**
covered

7. Penalty - Amended

On whom	Fine	Imprisonment
Company	5 lakhs	-
Officer in Default	1 lakh	

Note: *Provided that non-consideration of resolution of any grievance by the Stakeholders Relationship Committee in good faith shall not constitute a contravention of this section.*

In case of Government Company - Point (3), (4) and (5) above shall not apply except with regard to appointment of 'senior management' and other employees.

The expression “senior management” means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Amendment

Point 4

“Carryout evaluation of every director” – This is substituted with below:-

Now evaluation of performance of BOD, directors and its committees can be done by:-

Board of Director
NRC
Independent External Agency

NRC shall specify the MANNER of effective Evaluation of performance AND Review its implementation and compliance.

Point 6:

Disclosure in Boards Report – Remuneration Policy – Substituted with below:-

Policy on Website of Company
Salient features and changes if any, in Board’s report along web address of policy.

Amendment in Stakeholder Relationship Committee

Point 7 – Penalty and

non-consideration of resolution- Substituted with below:-

inability to resolve or consider any grievance

*Provided that **inability to resolve or consider** any grievance by the Stakeholders Relationship Committee in good faith shall not constitute a contravention of this section*