



## **PTC INDUSTRIES LIMITED**

### **NOMINATION AND REMUNERATION POLICY**

## 1. INTRODUCTION

The Board of Directors (“Board”) of PTC Industries Limited (“Company”) has adopted the following policy for nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management Personnel and other Employees.

This Policy will be applicable with effect from December 1, 2015, and has been formulated in accordance with the requirements of the provisions of Section 178 of the Companies Act, 2013 & Rules made thereunder and the Listing Regulations.

## 2. POLICY OBJECTIVE

- a. To lay down criteria for identifying persons who are qualified to become Directors, Key Managerial Personnel (KMP), Senior Management Personnel of the Company in accordance with the criteria laid down by the Nomination & Remuneration Committee and recommend to the Board their appointment and removal.
- b. To lay down criteria to carry out the evaluation of every Director, Key Managerial Personnel (KMP), Senior Management Personnel and other employees’ performance.
- c. To formulate criteria for determining qualification, positive attributes and Independence of a Director;
- d. To recommend to the Board a policy relating to remuneration of directors, Key Managerial Personnel (KMP), Senior Management Personnel and other employees.

## 3. DEFINITIONS

- i. **“Board of Directors”** means the “Board of Directors” of PTC Industries Limited, as constituted from time to time.
- ii. **“Company”** means PTC Industries Limited.
- iii. **“Independent Director”** means a Director of the Company, not being a Managing or Whole-Time Director or a Nominee Director and who is neither a Promoter nor belongs to the Promoter Group of the Company and who satisfies the criteria of independence as prescribed under the

provisions of the Companies Act 2013 (including the rules prescribed thereunder) and the Listing Agreement with the Stock Exchanges.

- iv. **“Key Managerial Personnel”** or KMP means key managerial personnel as defined under the Companies Act, 2013 & includes:-
  - I. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-Time Director;
  - II. Company Secretary; and
  - III. Chief Financial Officer
  - IV. Such other officer as may be prescribed by the Central Government
  
- v. **“Nomination & Remuneration Committee”** means “Nomination & Remuneration Committee” constituted by the Board of Directors of the Company from time to time under the provisions of the Companies Act 2013 and the Listing Regulations.
  
- vi. **“Policy”** means the Nomination & Remuneration Policy.
  
- vii. **“Other employees”** means all employees other than the Directors, KMPs and the Senior Management Personnel.
  
- viii. **“Senior Management Personnel”** means officers/personnel of the Company who are members of its Core Management Team, excluding Board Members, comprising all members of management one level below the chief executive officer/managing director / whole time director/manager (including chief executive officer/manager, in case they are not part of the board. and shall specifically include the persons identified and designated as key managerial personnel other than the board of directors (except administrative support staff / executive assistants), including the Functional Heads.

Words and expressions not defined in this policy shall have the same meaning as contained in the Act, and the Listing Regulations.

#### **4. POLICY**

This policy is divided into three parts:

- a) Part I provides for criteria for appointment of Directors, Key Managerial Personnel, Senior Management Personnel and other employees;

- b) Part II deals with remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and other employees (parameters, components and limits); and
- c) Part III deals with the Performance Evaluation.

**a) PART I: APPOINTMENT**

**I. GENERAL CRITERIA**

- a) The Board shall comprise an optimum number of Directors as is necessary to effectively manage the affairs of the Company. Subject to a minimum of 3 and a maximum of 15, the Board shall have an appropriate combination of Executive, Non-Executive, Independent and Women.
- b) The NRC shall be responsible for identifying a suitable candidate for appointment as Director of the Company. While evaluating a person for appointment / re-appointment as Director, the Committee shall consider and evaluate number of factors including but not limited to background, knowledge, skills, abilities (ability to exercise sound judgement), professional experience and functional expertise, educational and professional background, personal accomplishment, age, experience of engineering sector/industry, marketing, technology, finance and other disciplines relevant to the business etc. and such other factors that the Committee might consider relevant and applicable from time to time towards achieving a diverse Board.
- c) The proposed candidate shall possess appropriate expertise, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, corporate governance or such other areas related to the Company's business as determined by the NRC.
- d) During the term of the office, every director shall -
  - uphold ethical standards of integrity and probity;
  - act objectively and constructively;
  - exercise responsibilities in a bona fide manner in the interest of the Company;
  - shall be free from any disqualifications as stipulated under the Act as well as the Listing Regulations;
  - shall be able to devote sufficient time and efforts in discharge of duties and responsibilities effectively.

**II. APPOINTMENT OF MANAGING DIRECTOR/ WHOLE-TIME DIRECTOR**

The Board, based on the recommendation of the NRC, shall be responsible for identifying suitable Candidate for the position of Managing Director/Whole-time Director. The terms and conditions of the appointment shall be in accordance with the provisions of Applicable Law.

**III. APPOINTMENT OF INDEPENDENT DIRECTOR**

While evaluating a person for appointment / re-appointment as an Independent Director, the NRC shall ensure that the proposed candidate satisfies the following additional criteria:

- a) Meet the baseline definition and criteria of “independence” as set out in section 149 of the Act, the Listing Regulations and other applicable laws.
- b) Should not hold any board/employment position with a competitor in the geographies where the Company is operating. However, the Board may, in special circumstances, waive this requirement.
- c) Has attained the minimum age of 25 years and is not older than 75 years. However, the Board may, in special circumstances, waive this requirement after taking the necessary approval of the shareholders.
- d) Does not hold independent directorship in more than seven listed entities.
- e) Does not hold directorship in more than three listed entities if serving as a whole time director in any listed entity

An Independent Director shall be under the obligation to inform the Board of Directors of any change in circumstances which may affect his/her independence.

The re-appointment / extension of the term of the Director shall be on the basis of their performance evaluation report.

#### **IV. APPOINTMENT OF KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL (NOT BEING A DIRECTOR)**

- a) The Managing Director shall be responsible for identifying a suitable candidate for the position of Key Managerial Personnel, i.e. Chief Financial Officer, Company Secretary and other Senior Management Personnel.
- b) While evaluating a candidate for appointment as Key Managerial Personnel or Senior Management Personnel, factors such as competence, integrity, qualifications, expertise, skills, and experience shall be taken into consideration.
- c) The appointment of Key Managerial Personnel and Senior Management Personnel shall be approved by the Board on the recommendation of the NRC and the MD.

#### **V. APPOINTMENT OF OTHER EMPLOYEES**

The appointment of other employees shall be made on the basis of experience, qualification, expertise of the individual as well as the roles and responsibilities required for the position and shall be approved by the Human Resource Department under the overall control of the MD.

#### **VI. REMOVAL OF DIRECTORS, KMP OR SENIOR MANAGEMENT PERSONNEL**

- a) The removal of directors, KMP or senior management personnel may be warranted due to reasons such as disqualification prescribed under the applicable laws, performance, disciplinary reasons, etc.
- b) The removal of any director can be recommended by the NRC in consultation with the Chairman to the Board. The removal shall be finally approved by the shareholders' basis recommendation of the Board.
- c) The removal of KMP and senior management personnel shall be approved by the Board basis recommendation of the NRC and MD.

**b) PART II: REMUNERATION**

**I. BOARD MEMBERS**

- a) The overall limits of remuneration of the board members, including executive board members (i.e., managing director, whole-time director, executive directors, etc.), are governed by the provisions of section 197 of the Act read with the Rules and Schedules made thereunder and shall be approved by the shareholders of the Company.
- b) Within the overall limit approved by the shareholders, on the recommendation of the NRC, 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.
- c) While determining the remuneration to Directors, KMP, Senior Management Personnel and other employees, the following shall be ensured:
  - i. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors, KMP, senior management and other employees of the quality required to run the Company successfully;
  - ii. Relationship of remuneration to performance is clear and meets appropriate benchmarks, and Remuneration to directors, KMP, senior management and other employees involves a balance of fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

**II. REMUNERATION TO MANAGING DIRECTOR/WHOLE-TIME DIRECTOR**

- a) The shareholders shall approve the maximum permissible amount that can be paid to the Managing Director/Whole-time Director. Within the overall limits approved by the shareholders, on the recommendation of the Nomination and Remuneration Committee, the Board shall have the authority to revise the remuneration from time to time.

- b) The Managing Director / Whole-time Director (other than promoters) shall also be eligible for the grant of stock options, under the applicable Employee Stock Option Scheme of the Company, as may be decided by the Nomination and Remuneration Committee from time to time.

### **III. REMUNERATION TO NON-EXECUTIVE DIRECTORS**

- a) Pursuant to the provisions of section 197 of the Act, read with rules, Schedule and the shareholders' approval, the Board has approved the following remuneration for Non-Executive Directors (including Independent Directors):
- i. Non-Executive Directors shall be entitled to the following sitting fees for attending the board meeting and the board committee meeting:
    - Board Meeting – INR 30,000 per board meeting
    - Committee Meeting – INR 15,000 per committee meeting (meetings except for Operations and Administrative Committee)
  - ii. The sitting fee shall be payable immediately after the board/board committee meeting to those directors who attend the meeting.
  - iii. The Promoter Directors and the Independent Directors will not be entitled for grant of Stock Options.
  - iv. All the Directors shall be entitled to reimbursement of reasonable expenditure incurred by him/her for attending Board/Committee meetings, general meetings, court convened meetings, meetings with shareholders/creditors/management, site visits, induction and training programmes and in obtaining professional advice from independent advisors in furtherance of his/her duties as a director.

### **IV. REMUNERATION TO KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES (NOT BEING A DIRECTOR)**

- a) The MD shall propose the remuneration for the KMPs and Senior Management Personnel to the NRC. The Board shall have the final authority to approve the remuneration based on the recommendation of NRC.
- b) The remuneration, including revision in the remuneration of other employees, shall be decided by the Human Resources Department, in consultation with the matrix manager, within the overall framework of compensation and appraisal practices of the Company and under the overall authority of the MD.

- c) The remuneration may include basic salary, allowances, perquisites, performance-linked incentive, retirement benefits, joining / retention bonus, long-term or retention incentives, leave travel concessions, ex gratia / one-time payments, medical benefits, housing / other loans at concessional rates, severance package or any other component/benefits.
- d) The Key Managerial Personnel, Senior Management Personnel and other employees of the Company (not being a Director) shall also be eligible for the grant of stock options, wherever deemed fit, under the applicable Employee Stock Option Scheme of the Company, as may be decided by the NRC from time to time.

## **V. DIRECTORS AND OFFICERS LIABILITY INSURANCE POLICY**

All directors and officers (including Key Managerial Personnel and Senior Management Personnel) of the Company would be covered by the requisite Directors and Officers Liability Insurance Policy.

### **c) Evaluation**

#### **i. Criteria for evaluation of Executive and Non-Executive Director(s):**

The performance evaluation of the Executive and Non-Executive Director(s) shall be done by the Nomination & Remuneration Committee and also by the Independent Directors in their separate meetings.

The Executive and Non-Executive Directors (excluding Independent Directors) shall be evaluated on the basis of the following criteria i.e. whether they:

- a) act objectively and constructively while exercising their duties;
- b) exercise their responsibilities in a bona fide manner in the interest of the company;
- c) devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- d) do not abuse their position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- e) assist the company in implementing the best corporate governance practices.
- f) strive to attend all meetings of the Board of Directors, the Committees and the general meetings of the Company;
- g) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- h) keep themselves well informed about the company and the external environment in which it operates;

- i) do not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- j) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.
- k) abide by Company's Memorandum and Articles of Association, Companies Act, rules made thereunder and Listing agreement, company's policies and procedures including code of conduct, insider trading guidelines etc.
- l) Safeguarded the confidentiality.
- m) Any other factor that the Independent Director(s) / Board of Directors may consider necessary for such evaluation.

In addition to the evaluation criteria, Directors, as above-said, Executive Director(s) shall also be evaluated on the basis of targets / Financial Performance of the Company / any other criteria as may be given to them by the Board of Directors from time to time.

**ii. Criteria for evaluation of Independent Directors:**

The performance evaluation of Independent Directors shall be done by the Nomination & Remuneration Committee and also by the entire Board of Directors, excluding the Director being evaluated.

In addition to the evaluation criteria as above-said in Point 4.3 Clause 1, Independent Directors shall also be evaluated on the basis of the following criteria, i.e. whether they:

- a) refrain from any action that would lead to loss of independence,
- b) inform the Board immediately when they lose their independence.

**iii. Criteria for evaluating the performance of Key Managerial Personnel and Senior Management Personnel:**

The performance evaluation of KMPs and Senior Management Personnel shall be done by their respective reporting heads based on the KRAs given to them at the beginning of the year.

**iv. Criteria for evaluating the performance of Other Employees:**

The performance evaluation of other employees shall be done by the Managing Director & CFO of the Company or any other employee that the Managing Director & CFO may deem fit, based on the KRA's given to them at the beginning of the year.

## **5. DISCLOSURES**

The Policy shall be disclosed in the Board's report of the Company.

## **6. AMENDMENT(s)**

The Board of Directors may review or amend this policy, in whole or in part, from time to time, after taking into account the recommendations from the Nomination & Remuneration Committee.

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