

NOMINATION AND REMUNERATION POLICY

1. BACKGROUND

PG Electroplast Limited (hereinafter referred to as "**PGEL**" or "**the company**") is governed by the Companies Act, 2013 ("**Companies Act**") and rules notified thereunder, the Securities and Exchange Board of India [Securities Contracts (Regulation) Act, 1956] read with rules notified thereunder, the Securities and Exchange Board of India [Securities Contract (Regulation) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**").

Section 178 of the Companies Act and applicable provisions of Listing Regulations prescribe that the Nomination and Remuneration Committee ("**NRC**") shall recommend to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel, and other employees.

2. DEFINITIONS

2.1 Tenure

- (i) Managing Director:** The Company shall appoint any person as its Managing Director for a term not exceeding 5 (five) years. Provided that post the completion of the first term, the Company shall conduct the appointment process for appointment of the Managing Director afresh.
- (ii) Non-Independent Director:** The appointment and tenure of Non-Independent Director would be governed by the applicable provisions of the Companies Act and Listing Regulations, as may be mandated by SEBI from time to time.
- (iii) KMP:** The tenure of a KMP, other than Managing Director, Chief Financial Officer and Company Secretary, to be posted in a regulatory department, shall be for a fixed period, as may be decided by the Committee.

2.2 Removal

The Committee may recommend to the Board, with reasons recorded in writing, removal of Director or any KMP due to reasons for disqualification in the Companies Act or any other applicable act, rules and regulations. Such removal shall be subject to the provisions and compliance of applicable laws, rules and regulations.

2.3 Retirement

The Board of Directors, including MD & CEO, shall retire as per the applicable provisions of the Companies Act, Listing Regulations and any other applicable laws.

In case of KMPs (other than MD & CEO), their retirement would be at the attainment of 60 years of age. However, the same can be extended for a specified period under special consideration, subject to approval of the Committee.

2.4 Succession

The succession plan and processes to be followed shall be in accordance with the internal succession planning policy of the Company.

3. General Appointment Criteria for Directors/KMP/SMP:

Enhancing the competencies of the Board and attracting as well as retaining talented employees for role of KMP / a level below KMP are the basis for the Nomination and Remuneration Committee to select a candidate for appointment to the Board. When recommending a candidate for appointment, the Nomination and Remuneration Committee has regard to:

- assessing the appointee against a range of criteria which includes but not be limited to qualifications
- skills, regional and industry experience, background and other qualities required to operate successfully in the position, with due regard for the benefits from diversifying the Board.
- the extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company.
- the skills and experience that the appointee brings to the role of KMP/Senior Official and how an appointee will enhance the skill sets and experience of the Board as a whole;
- the nature of existing positions held by the appointee including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment.
- Personal specifications:
 - Experience of management in a diverse organization.
 - Excellent interpersonal, communication and representational skills; - Demonstrable leadership skills.
 - Commitment to high standards of ethics, personal integrity and probity.
 - Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace.
 - Having continuous professional development to refresh knowledge and skills.

Additional Criteria for Appointment of Independent Directors: For every appointment of an Independent Director, the Nomination and Remuneration Committee to evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director to have the capabilities identified in the description. For the purpose of identifying suitable candidates, the Committee to (i) use the services of an

external agencies, if required (ii) consider candidates from a wide range of backgrounds, having due regard to diversity and (iii) consider the time commitments of the candidates.

Removal: Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground, the Committee may recommend to the Board for removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

Criteria for Evaluation of Directors and the Board: Following are the Criteria for evaluation of performance of Independent Directors and the Board:

1. **Executive Directors:** The Executive Directors shall be evaluated on the basis of targets / Criteria given to executive Directors by the board from time to time.
2. **Non-Executive Director:** The Non-Executive 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) refrain from any action that would lead to loss of his independence;
 - f) inform the Board immediately when they lose their independence;
 - g) assist the company in implementing the best corporate governance practices;
 - h) strive to attend all meetings of the Board of Directors and the Committees;
 - i) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
 - j) strive to attend the general meetings of the company;
 - k) keep themselves well informed about the company and the external environment in which it operates;
 - l) do not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
 - m) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest;
 - n) abide by Company's Memorandum and Articles of Association, company's policies and procedures including code of conduct, insider trading guidelines etc.

Policy on Board diversity: The Board of Directors shall have the optimum combination of Directors from the different areas / fields like production, Management, Quality Assurance, Finance, Sales and Marketing, Supply chain, Research and Development, Human Resources etc. or as may be considered appropriate. The Board shall have at least one Board member who has accounting or

related financial management expertise and at least three members who are financially literate.

Remuneration: The guiding principle is that the level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate Directors, Key Management Personnel and other senior officials. The Directors, Key Management Personnel and other senior officials' salary shall be based & determined on the individual person's skills, responsibilities, performance, salary in industry and in accordance with the limits as prescribed statutorily, if any.

The Nomination & Remuneration Committee will recommend the remuneration for Directors, KMPs and Senior Officials of the Company taking into account factors it deems relevant, including but not limited to market, business performance and practices in comparable companies, having due regard to financial and commercial health of the Company as well as prevailing laws and government/other guidelines. The Committee shall consult the Chairman of the Board as it deems appropriate. Remuneration of the Chairman to be recommended by the Committee to the Board of the Company.

The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals. Beside the above criteria Committee shall also consider following points:

- i. **Director/ Managing Director:** 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 thereunder or any other enactment for the time being in force.
- ii. **Non-Executive Independent Directors:** The Non- Executive Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The Independent Directors shall not be entitled to any stock option.
- iii. **KMPs/Senior Management Personnel, etc.:** The Remuneration to be paid to KMPs/ Senior Management Personnel shall be based on the experience, qualification and expertise of the related personnel and governed by the limits, if any prescribed under the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.
- iv. **Directors' and Officers' Insurance:** Where any insurance is taken by the Company on behalf of its Directors, KMPs/ Senior Management Personnel etc. for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

4. REMUNERATION OF DIRECTORS, KMPs AND OTHER EMPLOYEES

4.1 Remuneration for Non-Executive Directors ("NED"):

- (i) NED shall be remunerated only by way of sitting fees as admissible to independent directors in the Companies Act. Quantum of sitting fees may be subject to Board review on a periodic basis, as may be required.
- (ii) In addition to the sitting fees, the Company may reimburse expenditure or may arrange for their travel and stay for attending Meetings or expenses incurred while discharging their roles, responsibilities, and duties as a Director of the Company.

4.2 Remuneration for KMPs :

- (i) The remuneration/compensation of KMPs shall be determined and approved by the Committee. Approval of Board, SEBI and Shareholders of the Company shall be sought as may be required under the applicable provisions of the Companies Act and Listing Regulations.
- (ii) The following factors shall be considered while determining the remuneration:
 - a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the quality required to run the Company successfully.
 - b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c) remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
 - d) financial condition / health of the Company,
 - e) average levels of compensation payable to employees in similar ranks,
 - f) shall not contain any provisions regarding incentives to take excessive risks over the short term,
 - g) revenues, net profit of the Company,
 - h) comparable to the industry standards,
 - i) role and responsibilities of the KMPs,
 - j) periodic review
- (iii) Where any insurance is taken by the Company on behalf of its MD & CEO, Chief Financial Officer, Company Secretary and other Senior Officials for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

- (iv) The Compensation Structure shall comprise of Fixed and Variable Pay. Variable pay is given as per company policy. The variable pay is linked to the individual employee's performance rating.
- (v) In case of KMPs, compensation structure shall be as follows:
 - a. The variable pay component shall be within a range of 25% to 50% of total pay.
 - b. ESOP's and other equity-linked instruments shall be offered or provided as a part of the compensation for the KMP.
 - c. The compensation will be disclosed in the Annual Report for every year as required under the applicable statute.

4.3 Remuneration for Other Employees:

- (i) The Compensation Structure shall comprise of Fixed and Variable Pay. Variable pay is given in the form of performance bonus as applicable. The variable pay is linked to the individual employee's performance rating.
- (ii) The Company may voluntarily, on a case-to-case basis, subject to approval of the Committee, pay a one-time compassionate pay for providing financial support to its employees facing personal hardships or crises. Such pay will be paid to employees for helping them to sail through unforeseen events, including but not limited to events such as serious critical illness suffered by employee, death of the employee who might be the sole earner of the family, physical disability of the employee etc. The company may assess each case individually to determine the extent of financial assistance to compensate for the loss and accordingly recommend the same for approval of the Committee.
- (iii) For determination and approval of remuneration of other employees internal standard operating procedures will be followed. The following factors shall be considered while determining their remuneration:
 - a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the quality required to run the Company successfully.
 - b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c) remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
 - d) financial condition / health of the Company,
 - e) average levels of compensation payable to employees in similar ranks,
 - f) shall not contain any provisions regarding incentives to take excessive risks over the short term,
 - g) revenues, net profit of the Company,

h) comparable to the industry standards,

5. EQUAL OPPORTUNITY PROVIDER

PGEL is an equal opportunity employer and does not tolerate any form of discrimination, in particular discrimination based on gender, sexual orientation, ethnicity, nationality, religion, age, marital status, disability etc. All employment-related decisions, including decisions on compensation, are based on individual's qualifications, experience, performance, and considerations discussed in principles of this policy.

6. MODIFICATION & REVIEW OF THE POLICY

In case of any subsequent changes in the Companies Act or any other applicable regulations which makes any of the provisions in the Policy inconsistent with the Companies Act or regulations, then the provision of the Companies Act or regulations would prevail over the Policy and the provisions of the policy would be modified in due course to make it consistent with the applicable law.

This Policy shall be reviewed periodically, unless an earlier review is required to ensure that it meets the regulatory requirements or latest industry practice or both.