

POLYPLEX CORPORATION LIMITED

NOMINATION AND REMUNERATION POLICY

I. PREAMBLE

The Board of Directors of every Listed Company shall constitute the **Nomination and Remuneration Committee**. The Company already had constituted Remuneration Committee comprising of three non-executive directors, The Board of Directors on August 13, 2014 renamed the “Remuneration Committee” as “Nomination and Remuneration Committee” and further amended on February 13, 2019 to align with the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

The list of the committee members is annexed as Annexure A to this policy and the Board has absolute power to reconstitute this Committee.

This Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

II. OBJECTIVE

The Key Objectives of the Committee would be:

- a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- c) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

III. DEFINITIONS

- a) “**Board**” means Board of Directors of the Company.
- b) “**Company**” means “Polyplex Corporation Limited.”
- c) “**Employees’ Stock Option**” means the option given/ to be given to the directors, officers or employees of a company to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.

- d) **“Executive Director/ Whole-time Director”** means a director in the whole time employment of the Company.
- e) **“Independent Director”** means a director referred to in Section 149 (6) of the Companies Act, 2013.
- f) **“Key Managerial Personnel”** (KMP) means
 - (i) Chief Executive Officer or the Managing Director or the Manager,
 - (ii) Company Secretary,
 - (iii) Whole-time Director,
 - (iv) Chief Financial Officer and
 - (v) Such other officer as may be prescribed.
- g) **“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 Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 .
- h) **“Policy or This Policy”** means, “Nomination and Remuneration Policy.”
- i) **“Remuneration”** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;
- j) **“Senior management”** shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise 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 employees having direct reporting relationship to the Chief Executive Officer (Whole-time Director) and at a minimum grade of B8 and Key Managerial Personnel (Company Secretary and Chief Financial Officer).
- k) **“Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015”** referred hereinafter as SEBI (LODR), 2015.

IV. INTERPRETATION

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, SEBI (LODR), 2015 and/or any other SEBI Regulation(s) as amended from time to time.

V. GUIDING PRINCIPLES

The objective of this Policy is to ensure that:

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- Remuneration to Directors, Key Managerial Personnel and Senior Management 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.

VI. ROLE OF THE COMMITTEE

The role of the Committee, *inter alia*, will be the following:

- a) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- (b) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (c) devising a policy on diversity of board of directors;
- (d) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
- (e) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- f) recommend to the board, all remuneration, in whatever form, payable to senior management;
- g) develop and share the succession planning for the Board and reviewing the same from time to time.

VII. COMPOSITION OF COMMITTEE

- a) The Committee shall comprise at least three (3) Directors, all of whom shall be non-executive Directors and at least half shall be Independent.
- b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirements.
- c) Minimum two (2) members or one-third of the total strength including at least one Independent Director shall constitute a quorum for the Committee meeting.
- d) Term of the Committee shall be continued unless terminated by the Board of Directors.

VIII. CHAIRPERSON

- a) Chairperson of the Committee shall be an Independent Director.
- b) Chairperson of the Company may be appointed as a member of the Committee but shall not Chair the Committee.
- c) In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- d) Chairperson of the Nomination and Remuneration Committee could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

IX. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held atleast once in a year and at such other time as deemed fit and appropriate.

X. COMMITTEE MEMBERS' INTERESTS

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

XI. VOTING

- a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b) In the case of equality of votes, the Chairperson of the meeting will have a casting vote.

XII. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

Appointment criteria and qualifications:

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has

discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

- c) The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager who has attained the age of **seventy years**. Provided that the term of the person holding this position may be extended beyond the age of **seventy years** with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
- d) The Company shall not appoint or continue any person as Non-executive Director who has attained the age of **seventy five years**. Provided that the term of the person holding this position may be extended beyond the age of **seventy five years** with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for appointing such a person.
- e) With effect from April 1, 2020, in case the Company falls in top 500 listed entities, the Chairperson of the Company shall -
 - (i) be a non-executive director; and
 - (ii) not be related to the Managing Director or the Chief Executive Officer as per the definition of the term "relative" defined under the Companies Act, 2013:

Term / Tenure:

- a) General - Ceiling on directorship of Companies whose equity shares are listed on the stock exchange

A person shall not be a director in more than eight Companies (including this Company) whose equity shares are listed on the stock exchange with effect from April 1, 2019 and in not more than seven Companies whose equity shares are listed on the stock exchange with effect from April 1, 2020:

- b) Managing Director/Whole-time Director/Manager (Managerial Person):-

The Company shall appoint or re-appoint any person as its Managerial Person for a term not exceeding **five** years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

Any person who is serving as a whole time director / managing director in the Company shall not serve as an independent director in not more than three Companies whose equity shares are listed on the stock exchange.

- c) Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re- appointment on passing of a

Special Resolution by the Company and disclosure of such appointment in the Board's report.

- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1 October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.

- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to **seven** listed companies as an Independent Director.

No person shall be appointed or continue as an alternate director for an independent director of the Company with effect from October 1, 2018

Performance Evaluation

Nomination and Remuneration Committee shall be empowered to specify and implement the methodology for effective evaluation of the Board, its various Committees and the individual directors, including Independent Directors.

The evaluation process may be carried out by Nomination and Remuneration Committee itself or be entrusted on the Board or any independent external agency to be appointed for the specific purpose.

Nomination and Remuneration Committee, Board or the independent external agency, as the case may be, shall evaluate annually the performance of the Board, its various Committees and the individual directors on the basis of the methodology specified by the Nomination and Remuneration Committee. As an evaluation methodology, the evaluator may choose to benchmark the practices of other boards of directors; circulate surveys, questionnaires and evaluation forms to Directors and use such other methods as it may deem helpful and appropriate in order to assess the performance.

Nomination and Remuneration Committee shall review the implementation of the evaluation mechanism and oversee the compliance of the evaluation system and may carry out any change in the mechanism, as and when necessary and the evaluator shall have to carry out the evaluation as specified by Nomination and Remuneration Committee.

The evaluation of independent directors shall be done by the entire board of directors which shall include -

- (a) performance of the directors; and
- (b) fulfilment of the independence criteria as specified in these regulations and their independence from the management:

Provided that in the above evaluation, the directors who are subject to evaluation shall not participate.

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, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

Retirement:

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

XIII. PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSON, KMP AND SENIOR MANAGEMENT

a) General:

- i. The remuneration / compensation / commission etc. to Managerial Person, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- ii. The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
- iii. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Person. Increments will be effective from the date of reappointment in respect of Managerial Person and 1st April in respect of other employees of the Company.

- iv. Where any insurance is taken by the Company on behalf of its Managerial Person, KMP and any other employees 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. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

b) Remuneration to Managerial Person, KMP and Senior Management:

1. Fixed pay:

Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

2. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

3. Fees or Compensation:

The fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if-

- (i) the annual remuneration payable to such executive director exceeds rupees 5 crore or 2.5 per cent of the net profits of the Company, whichever is higher; or
- (ii) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the Company:

Provided that the approval of the shareholders under this provision shall be valid only till the expiry of the term of such director.

Explanation: For the purposes of this clause, net profits shall be calculated as per section 198 of the Companies Act, 2013.]

c) Provisions for excess remuneration:

If any Managerial Person draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

d) Remuneration to Non-Executive / Independent Director:

i. Remuneration / Commission:

The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

ii. Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

iii. Limit of Remuneration /Commission:

Remuneration /Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

Further, the approval of shareholders by way of special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors.

iv. Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

XIV. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairperson of the said meeting or the Chairperson of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting.

XV. REPORTING

Composition of Nomination and Remuneration Policy shall be disclosed in the Board's Report and shall also form a part of Annual Report. The Policy shall also be posted on the website of the Company.

XVI. AMENDMENTS

The Company's Board of Directors shall have power to amend the Policy at any point of time after taking recommendation of Nomination and Remuneration Committee, if required. The amended version of the Policy shall be made available on the website of the Company at www.polyplex.com (investor section).

Note:

This Policy was last amended by the Board of Directors in their meeting held on February 13, 2019.

ANNEXURE A

S. No.	Member's Name	Category	Designation
1.	Mr. Jitender Balakrishnan	Independent Non-Executive	Chairperson
2.	Mr. Brij Kishore Soni	Independent Non-Executive	Member
3.	Mr. Sanjiv Saraf	Non- Independent Non-Executive Promoter Category	Member