

## **POLYCON INTERNATIONAL LIMITED**

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### **NOMINATION AND REMUNERATION POLICY**

#### **1. Introduction**

In terms of Section 178 of the Companies Act, 2013, this Policy on Nomination and Remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company has been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors vide its resolution dated 23 September, 2014.

This policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

#### **1.1 Objectives of the Policy**

Key Objectives of the Policy would be:

- i. 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.
- ii. That the relationship of remuneration to performance is clear and meets appropriate performance benchmarks
- iii. That the remuneration to Directors, Key Managerial Personnel (KMP), and other employees of the Company 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
- iv. To lay down the criteria and terms & conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-executive) and persons who may be appointed in Senior Management, Key Managerial positions and to determine their remuneration
- v. To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel and to provide for reward(s)

linked directly to their effort, performance, dedication and achievement relating to the Company's operations; and

- vi. To lay down the criteria for appointment, removal of directors, Key Managerial Personnel and Senior Management Personnel and evaluation of their performance

## **1.2 Definitions**

- i. 'Act' means the Companies Act, 2013 and rules thereunder, as amended from time to time.
- ii. 'Board of Directors' or 'Board', in relation to the Company, means the collective body of the Directors of the Company.
- iii. 'Committee' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- iv. 'Company' means Polycon International Limited.
- v. 'Directors' means Directors of the Company
- vi. 'Independent Director' means a director referred to in Section 149 (6) of the Companies Act, 2013
- vii. 'Key Managerial Personnel' (KMP) means:
  - a. Chief Executive Officer or Managing Director or Manager
  - b. Whole-time Director
  - c. Chief Financial Officer
  - d. Company Secretary
  - e. Such other officer as may be prescribed
- viii. 'Ministry' means the Ministry of Corporate Affairs
- ix. 'Regulations' refers to and comprise of Companies Act, 2013, The Companies (Meeting of Board and its Powers) Rules, 2014, The Companies (Appointment and Qualification of Directors) Rules, 2014, The Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014, The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Listing Agreement and such other rules and provisions as applicable to the matters dealt in by this Policy
- x. 'Senior Management Personnel' for this purpose shall mean employees of the company who are members of its core management team excluding Board of Directors. It would include all members of management one level below the executive director(s), including the functional heads.

Words and expressions used and not defined in this policy but defined in the Companies Act, 2013 and rules made thereunder, as amended from time to time, shall have the same meaning respectively assigned to them therein.

## **2. Nomination and Remuneration Committee**

### **2.1 Constitution of Nomination and Remuneration Committee**

The Nomination and Remuneration Committee will consist of three or more non-executive Directors, out of which at least one-half shall be independent Director(s). The Chairman of the Committee shall be an Independent Director.

The Chairperson of the Company may be appointed as a member of this Committee but shall not chair such Committee.

The Committee will meet at such intervals as deems fit to carry out the objectives set out in the Policy. Minimum two (2) members shall constitute a quorum for the Committee meeting.

The Chairman of the Nomination and Remuneration Committee could be present at the Annual General Meeting, to answer the shareholders' queries. However, the Chairman may nominate other Member of the Committee to attend the Annual General Meeting and to answer the shareholders' queries.

The Company Secretary shall act as Secretary to the Committee.

### **2.2 Role of the Nomination and Remuneration Committee**

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

- i. Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- ii. Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- iii. Decide / approve details of fixed components and performance linked incentives along with the performance criteria.
- iv. Formulate the criteria for evaluation of Independent Directors and the Board.
- v. To develop a succession plan for the Board and to regularly review the plan.

- vi. To carry out such other functions as may be necessary or appropriate for the performance of its duties.

### **Applicability**

This Policy is applicable to:

- i. Directors viz. Executive, Non-executive and Independent
- ii. Key Managerial Personnel
- iii. Senior Management Personnel
- iv. Other Employees of the Company

### **3. Appointment of Director, KMP and Senior Management**

- i. 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.
- ii. 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.
- iii. Appointment of Independent Directors is subject compliance of provisions of section 149 of the Companies Act, 2013, read with schedule IV and rules thereunder.
- iv. The Company shall not appoint or continue the employment of any person as Whole-time Director 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.

### **4. Term / Tenure**

#### **5.1 Managing Director / Whole-time Director**

The Company shall appoint or re-appoint any person as its Executive Director, Managing Director or Executive Director 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.

#### **5.2 Independent Director**

Subject to the provisions of the applicable Regulations, 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(s) 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.

## **5. Evaluation**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

The Committee shall identify evaluation criteria which will evaluate Directors based on knowledge to perform the role, time and level of participation, performance of duties, level of oversight, professional conduct and independence.

The appointment / re-appointment / continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process.

## **7. 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 Personnel subject to the provisions and compliance of the said Act, rules and regulations.

## **8. Retirement**

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

**Matters relating to the remuneration, perquisites for the Whole-time Director, KMP and Senior Management Personnel**

1. The remuneration / compensation / profit-linked commission etc. to the Whole-time Director, Directors and Independent Directors will be determined by the Committee and recommended to the Board for approval.

The remuneration / compensation / profit-linked commission etc. shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company, Act and shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required.

2. Increments to the existing remuneration / compensation structure shall be approved by the Committee.
3. Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary 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.

**10. Remuneration to Whole-time / Executive / Managing Director**

**10.1. Remuneration**

The Whole-time Director shall be eligible for remuneration as may be approved by the Shareholders of the Company on the recommendation of the Committee and the Board of Directors.

**10.2. Minimum Remuneration**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Directors in accordance with the provisions of the Companies Act, 2013 and if it is not able to comply with such provisions, then with the previous approval of the Central Government.

**10.3. Provisions for excess remuneration**

If any Whole-time Director 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.

## **11. Remuneration to Non-executive / Independent Director**

### **11.1. Sitting Fees**

The Non-executive / Independent Directors of the Company may receive remuneration by way of sitting fees for attending the meeting of the Board of Directors or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013 and rules framed or such amount as may be prescribed by the Central Government.

### **11.2. Profit-linked Commission**

The profit-linked Commission may be paid within the monetary limit approved by the shareholders of the Company 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 and rules framed thereunder.

## **12. Remuneration to KMP, Senior Management Personnel and Other Employees**

The KMP except Managing Director and Whole Time Director, Senior Management Personnel and other employees of the Company shall be paid monthly remuneration as per the Company's HR policies and / or as maybe approved by the Board on the recommendation of the Committee.

The remuneration for KMP and Senior Managerial Personnel and other employees of the Company shall be approved by the Committee based on the recommendation / presentation by the Principal – HR and / or the Chief Financial Officer of the Company. In case any of the relevant regulations require that remuneration of KMPs or any other officer is to be specifically approved by the Committee and / or the Board of Directors then such approval will be accordingly procured.

## **13. Amendments to the Policy**

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when it deemed fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.