



## Nomination & Remuneration Policy

The Board of Directors of Praj Industries Limited ("the Company"), in view of enforcement of Companies Act, 2013 read with rules framed there under and amendment to Clause 49 of the Listing Agreement, re-designated the Remuneration Committee as "Nomination and Remuneration Committee" at the Meeting held on May 26, 2014 with immediate effect.

Further, this policy stands amended pursuant to Regulation 19(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which have come into effect from 1st December, 2015.

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as may be amended from time to time).

### 1. DEFINITIONS

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- **Board** means Board of Directors of the Company.
- **Key Managerial Personnel** shall have the same meaning as given in Section 203 of the Companies Act, 2013 read with rules framed there under.
- *"Senior Management" shall mean personnel of the company (which include persons engaged as retainer or on contractual basis) who are members of its core management team excluding Board of Directors, comprising all members of management one level below the executive directors i.e. Level L4. Also any appointment or cessation of the functional head, shall be placed for noting by the Nomination & Remuneration Committee."*

Explanation 1: - In case of any dispute whether a person is member of Senior Management or not, decision of concerned Executive Director shall be final.

Explanation 2: Considering the criticality of a particular function, even if a person is not covered in the above definition, the Chairman will have discretion to treat him/ her as member of Senior Management for the purpose of this Policy.

Explanation 3: The term " Functional Head" shall mean the person, other than those in Level L4 and includes a person who is in an independent charge of any function.

- The words and definitions not described herein above shall have the respective meanings under the Acts and legislations governing the same.

### 2. TERMS OF REFERENCE/ROLE OF COMMITTEE

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The Terms of Reference of the Committee shall be:

- To 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 to carry out evaluation of every Director's performance.
- To ensure that the level and composition of remuneration is reasonable and is sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.
- To ensure that relationship of remuneration to performance in respect of Directors, Key Managerial Personnel and employees of Senior Management is clear and meets appropriate performance benchmarks; and
- To ensure that remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:
- To formulate the criteria for determining qualifications of Directors, Key Managerial Personnel and employees of Senior Management, and also to determine criteria for positive attributes and independence of Directors.
- To formulate criteria for evaluation of every Director including Independent Director and the Board.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation by the Board.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and employees of Senior Management.
- To provide to Key Managerial Personnel and Senior Management, reward linked directly to their efforts, performance, dedication and achievement relating to the Company's operations.
- To devise a policy on Board diversity from time to time.
- To develop a succession plan for the Board and to regularly review the plan;

### 3. RETIREMENT AGE OF DIRECTORS, KMP AND SENIOR MANAGEMENT PERSONNEL

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The KMP and Senior Management Personnel shall retire as per the prevailing HR policy of the Company.

As decided by the Board of Directors in its meeting held on 24.05.2011 the retirement age for Executive Directors shall be 65 years and for Non-Executive Directors shall be 70 years. The Board of Directors shall be at liberty to grant any extension as and when required on case to case basis.



#### 4. STATUTORY POWERS OF THE COMMITTEE

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- The committee shall have a power to express opinion whether the Director possesses the requisite qualification for the practice of the profession, when remuneration is proposed to be paid for the services to be rendered in any other capacity and such services to be rendered are of a professional nature.
- Where in any financial year during the currency of tenure of a managerial person, a company has no profits or its profits are inadequate, the Committee may approve the payment of remuneration as per Section II of Part II of Schedule V to the Companies Act, 2013.

#### 5. COMPOSITION OF COMMITTEE

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The Committee shall comprise of at least three Non-Executive Directors, at least half of whom shall be independent Directors. The Board may appoint the Chairperson of the Company whether executive or non-executive as member of this committee.

#### 6. CHAIRPERSON

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- The Chairperson of the Committee shall be an Independent Director.
- In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one of the Independent Directors amongst them to act as Chairperson.
- The Chairperson of the Nomination and Remuneration Committee shall endeavor to be present at the Annual General Meeting.

#### 7. MISCELLANEOUS

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- A member of the Committee is not entitled to be present when his or her own or his or her relative(s) remuneration is discussed at a meeting or when his or her or his or her relative(s) performance is being evaluated.
- The Committee may invite Executive Directors, functional heads and outside experts, as it considers appropriate, to be present at the meetings of the Committee.

The Company Secretary of the Company shall act as Secretary of the Committee.

**Date: 29.01.2016**

**Pramod Chaudhari**  
**Executive Chairman**