



PNC INFRA TECH LIMITED

NOMINATION AND REMUNERATION **POLICY**

**(Framed under Section 178(3) of Companies Act, 2013 & Regulation 19 of SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)**

NOMINATION AND REMUNERATION POLICY

1. Preamble

The Board of Directors (the “Board”) of PNC Infratech Limited (the “Company”), has adopted the Nomination and Remuneration policy which formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board, relating to the Nomination and Remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management and other employees of the Company.

2. Purpose

This policy is framed as per requirement of Sub-section (3) of Section 178 of the Companies Act, 2013 (“the Act”) and sub-regulation (4) of Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 (hereinafter referred to as “SEBI Listing Regulations”) as amended from time to time and intended to have a Board with diverse background and experience in areas that are relevant for the Company, to ensure the proper appointment and fairness in the remuneration process of the Directors, Key Managerial Personnel (KMP) and Senior Management and other employees of the Company and at the same time to attract and retain the best suitable talent on the Board of the Company.

3. Applicability

This policy is applicable to all Directors, Key Managerial Personnel (KMP), and Senior Management team and other employees of the Company.

4. Objectives

This policy is framed with the following objectives:

- I. To ensure that the constitution of the Board should have optimum combination of directors in pursuance of the Companies Act, 2013 and LODR.
- II. To set criteria for determining qualifications, positive attributes and independence of a director, and remuneration of the Executives.
- III. To evaluate the performance of members of the Board and provide necessary report to the Board for further evaluation.
- IV. To attract, retain and motivate the Senior Management including its Key Managerial Personnel, evaluation of their performance and provide necessary report to the Board for further evaluation.
- V. To ensure that the interests of Board members & Executives are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the company and will be consistent with the "pay-for-performance" principle.
- VI. To recommend the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- VII. To promote and develop a high performance workforce in line with the Company strategy.

- VIII. To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Director (Executive & Non- Executive/ Independent/Nominee) and persons who may be appointed in Senior Management, Key Managerial Personnel and determine their remuneration.
- IX. To enable the Company to provide a well-balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations

5. Definition

I. **“Act”** means Companies Act, 2013 and rules framed 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 **“PNC Infratech Limited”**.

V. **“Managerial Personnel”** means Managerial Personnel or Persons, appointed under section 196 and other applicable provisions of the Companies Act, 2013.

VI. **“Policy”** or **“This policy”** means Nomination and Remuneration Policy.

VII. **“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.

VIII. **“Independent Director”** means a Director referred to in Section 149 (6) of the Companies Act, 2013 and Regulation 16(b) of SEBI Listing Regulations.

IX. **“Key Managerial Personnel” (KMP)** means

- a. The Chief Executive Officer or the Managing Director or the Manager and in their absence the Whole Time Director;
- b. The Company Secretary; and
- c. The Chief Financial Officer

X. **“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 company secretary and chief financial officer.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and the LODR Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.

6. POLICY

6.1 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), provided that Chairperson of the

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

The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirements including the SEBI Listing Regulations.

The Committee shall meet as and when required by the Board or by the Committee itself but it shall meet at least once in a year. Additional meetings may happen as the Committee deems it appropriate.

The Committee members may attend the meeting physically or through Video conference or through permitted audio –visual mode, subject to the provisions of the applicable laws. The Committee shall have the authority to call such employee (s), senior official(s) and / or externals, as it deems fit. The Company Secretary shall act as Secretary to the Committee.

6.2 Appointment of Managerial Personnel, Director, KMP and Senior Management:

- a) The Committee shall identify and ascertain the integrity, qualification appropriate skills, characteristics and experience of the person for appointment as Managerial Personnel, Director or KMP or Senior Management and recommend to the Board for his /her appointment. The objective is to have a Board with diverse background and experience in business, government, academics, technology and in areas that are relevant for the Company's operations.
- b) A person should possess the highest personal and professional ethics, integrity and values. They should be able to balance the legitimate interest and concerns of all the Company's stakeholders in arriving at decisions, rather than advancing the interests of a particular constituency.
- c) Committee shall verify whether the candidate being assessed for holding the position of a Director has been allotted a Director Identification Number (DIN) and whether the candidate has submitted e-form DIR-3-KYC to the Central Government within stipulated timelines.
- d) Committee shall review whether that the candidate possesses more than one DIN and in such cases, require the candidate to surrender the additional DIN.
- e) The Committee shall verify the maximum number of directorships, including any alternate directorships held by the candidate as per the provisions of Companies Act, 2013 and continue to verify this even after appointment as a Director. Further, as prescribed by the SEBI Listing Regulations, any person shall not be a director in more than 8 (eight) listed entities with effect from April 01, 2019 and in not more than 7 (seven) listed entities with effect from April 01, 2020. Further a person shall not serve as an independent director in more than 7 (seven) listed entities with effect from April 01, 2019. Further, any person who is serving as a whole time director / managing director in any listed entity shall serve as an independent director in not more than 3 (three) listed entities. For determining the number of listed entities on which a person is a director / independent director, the Committee shall consider only those whose equity shares are listed on a stock exchange.
- f) No person shall be appointed or continue as an alternate director for an independent director of a listed entity.
- g) While filling up the positions for Managing Director, Whole Time Directors or Independent Directors, the specific qualifications as prescribed under Companies Act, 2013 along with SEBI Listing Regulations shall be taken into account.
- h) The Committee shall not appoint any person or continue the directorship of any person as a non-

executive director who has attained the age of 75 (seventy five) years unless a special resolution of Members is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.

- i) The Committee shall ensure that the Chairperson of the Board shall-
 - (a) be a non-executive Director;
 - (b) 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*
**This sub clause shall be effective from April 01, 2020*
- j) Appointment of Independent Directors is also subject to compliance of provisions of section 149 of the Companies Act, 2013, read with Schedule IV and rules thereunder or any other applicable provisions of the Companies Act, 2013 and the LODR Regulations.
- k) The Committee shall lay down a chart / matrix listing the core skills / expertise/ competencies of Board Members as required in the context of the Company’s business(es) and sector(s) for the Board to function effectively and those actually available with the Board and where there are gaps to ensure these are filled in the next round of appointments. Further, the Committee shall identify and maintain the names of Directors who possess the prescribed skills/expertise/competence w.e.f April 01, 2020.

6.3 Term /Tenure

a. Managerial Personnel:

The Company shall appoint or re-appoint any person as its Managerial Personnel 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.

b. 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. 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 and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

The maximum tenure of Independent Directors shall also be in accordance with the Companies Act, 2013 & LODR Regulations and clarifications/ circulars issued by the Ministry of Corporate Affairs/ SEBI, in this regard, from time to time.

The Committee shall review whether to extend or continue the term of appointment of the Independent Directors (IDs), on the basis of the report of performance evaluation of IDs.

6.4 Retirement

Any Director other than the Independent Director 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, subject to compliance of the provisions of the Companies Act, 2013 and LODR Regulations.

6.5 Remuneration of Managerial Personnel, KMP and Senior Management:

a. The level and composition of remuneration to Managerial Personnel, KMP & Senior Management should be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company. The Remuneration / Compensation / Profit linked Incentive etc. to Managerial Personnel, KMP and Senior Management will be determined by the Committee and recommended to the Board for their approval. The Remuneration / Compensation / Profit Linked Incentive etc. to be paid for Managerial Personnel shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

b. The remuneration and commission to be paid to Managerial Personnel shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force and as per LODR Regulations.

c. Managerial Personnel, 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.

d. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Companies Act, 2013.

e. If any Managerial Personnel 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.

f. Increments if declared to the existing remuneration / compensation structure shall be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managerial Personnel.

g. Where any insurance is taken by the Company on behalf of its Managerial Personnel, KMP and Senior Management 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.

h. 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 listed entity, 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 listed entity:

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

6.6 Remuneration to Non-Executive / Independent Directors:

a. Remuneration / Profit Linked Commission:

The remuneration / profit linked 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 and as per LODR regulations.

b. 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.

c. Limit of Remuneration /Profit Linked Commission:

Remuneration /profit linked Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 5% of the net profits of the Company respectively or in pursuance of Section 197 of the Companies Act, 2013.

However, the approval of shareholders by 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, giving details of the remuneration thereof.

d. Stock Options:

Pursuant to the provisions of the Companies Act 2013, Managerial Personnel, KMP, Senior Management and an employee shall be entitled to any Employee Stock Options (ESOPs) of the Company.

6.7 Familiarization program for Independent Directors:

a) The Company shall familiarize the Independent Directors with the company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the company, etc., through various programs.

b) The details of such familiarization programs shall be disclosed on the Company's website and a web link thereto shall also be given in the Annual Report.

6.8 Monitoring, Evaluation and Removal:

I. Evaluation:

The Committee shall carry out evaluation of performance of every Managerial Personnel, Director, KMP or Senior Management. The Committee shall identify evaluation criteria based on knowledge to perform the role, time and level of participation, performance of duties, level of oversight, professional conduct and independence.

Framework for performance evaluation of Independent Directors and the Board is as per Annexure to this Policy.

II. Removal:

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Managerial Personnel, Director, KMP or Senior Management subject to the provisions of Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.



7. Amendment 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 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, circular(s)etc.

8. Disclosure:

The details of this Policy and the evaluation criteria as applicable shall be disclosed in the Annual Report as part of Board's Report therein or alternatively the same may be put up on the Company's website and reference drawn thereto in the Annual Report.

This Policy has been reviewed by the Nomination and Remuneration Committee and approved by the Board at their respective meetings held on 13.02.2019 and will become effective on and after 13.02.2019 except to the extent as specified in the Policy and as specified in LODR Amendments.



ANNEXURE

Framework for Performance Evaluation of Independent Directors and the Board

As per the provisions of Companies Act, 2013 and LODR, the Nomination and Remuneration Committee (the "Committee") shall lay down the evaluation criteria for performance evaluation of Independent Directors and the Board. Further, the Board is required to monitor and review Board Evaluation Framework. This Framework shall contain the details of Board's self-evaluation framework (including all Committees of the Board and individual directors).

The Board is committed to assess its own performance as a Board in order to identify its strengths and areas in which it may improve its functioning. To that end, the Committee shall establish the following processes for evaluation of performance of Independent Director and the Board:

1. Once a year, the Board will conduct a self-evaluation. It is the responsibility of the Chairman of the Board, supported by the Company Secretary of the Company, to organize the evaluation process and act on its outcome;
2. The Committee shall formulate evaluation criteria for the Board and the Independent Directors which shall be broadly based on:
 - 2.1 Knowledge to perform the role;
 - 2.2 Time and level of participation;
 - 2.3 Performance of duties and level of oversight; and
 - 2.4 Professional conduct and independence.
3. The Board / Independent Directors shall be asked to complete the evaluation forms and submit the same to the Chairman.
4. In terms of Section 134 of the Act, the Board's Report should include a statement indicating a manner in which the Board has done formal annual evaluation of its own performance, performance of Committees and individual Directors of the Company.
5. The evaluation of independent directors shall be done by the entire board of directors which shall include -
 - (a) Performance of the directors; and
 - (b) Fulfillment of the independence criteria as specified in LODR regulations and their independence from the management:

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