



PPAP AUTOMOTIVE LIMITED NOMINATION AND REMUNERATION POLICY

DETAILS	PARTICULARS	
Document Title	Nomination and Remuneration Policy	
Version and Date of Release	Version	Date of Release
	V3	13 th May, 2022
Version history	Version	Date of Release
	V2	2 nd August, 2018
	V1	11 th February, 2015
Approved by	Board of Directors of PPAP Automotive Limited	

Introduction

This policy for the nomination and remuneration of Directors, Key Managerial Personnel and Senior Management Personnel has been recommended by the Nomination and Remuneration Committee (Committee) of the Board of Directors and has been approved by the Board. This policy is in compliance with Section 178 of the Companies Act, 2013, read along with the applicable rules thereto and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter referred to as SEBI (LODR) Regulations].

Objectives of the Committee

The Committee shall:

- i. Formulate the criteria for determining qualifications, attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of Directors, Key Managerial Personnel ("KMP") and Senior Management Personnel ("SMP").
- ii. Formulate the criteria for evaluation of performance of all the Directors on the Board.
- iii. Formulate the criteria to provide a flexible, well-balanced and high performance related compensation structure duly taking into account the shareholder interests, industry standards and relevant regulations.
- iv. Formulate the criteria to enable attract, retain and motivate, qualified and high performers to the Board, as well as, KMP / SMP.
- v. Formulate the criteria for Committee member qualifications, diversity of the Board, Committee member appointment and their removal, Committee structure and operation and Committee's reporting to the Board.
- vi. 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 shall have the capabilities identified in such description.

Definitions

- **"Board"**:-Board means Board of Directors of the Company.
- **"CEO"**:- means Chief Executive Officer of the Company.
- **"Committee"**:-Committee means the Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.
- **"Company"**:- Company means PPAP Automotive Limited.
- **"Director"**:-Director means Director of the Company.
- **"Independent Director"**:- Independent Director means Independent Director pursuant to Regulation 16 of SEBI (LODR) Regulations and Section 149(6) of the Companies Act, 2013 and Rules made thereunder as may be amended, from time to time.
- **"Key Managerial Personnel"**:- Key Managerial Personnel (KMP) means:
 - (i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-Time Director;
 - (ii) Chief Financial Officer; and
 - (iii) Company Secretary.
- **"Senior Management Personnel"**:- The expression Senior Management personnel means employees of the Company who are members of its core management team excluding Board of Directors and shall

include / comprise all the members of the management one level below the Chief Executive Officer / Managing Director, Whole-time Director / Manager (including CEO / Manager, in case CEO / Manager is not part of the board) and should specifically include Chief Financial Officer and Company Secretary.

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

Applicability

The policy is applicable to:

- Directors (Executive and Non-Executive);
- Key Managerial Personnel; and
- Senior Management Personnel

Constitution of the Committee

The Constitution of the Nomination and Remuneration of the Company is in accordance with Regulation 19 of SEBI (LODR) Regulations.

The Board has the authority to reconstitute the Committee, from time to time, in order to make it consistent with the Company's policy and the applicable statutory requirements.

Minimum number of Committee meetings

The Committee shall meet at least once in a year.

Quorum for the Meeting of the Committee

The quorum for a meeting of the Committee shall be the presence of either two members or one-third of the members, whichever is greater, with at least one Independent Director.

Size and Composition of the Board

The Committee shall periodically review the size and composition of the Board to ensure that it is ideally structured to make appropriate decisions, having the right perspective and skills to enable them to serve the best interests of the Company.

Directors

Formulate the criteria for determining qualifications, attributes and independence of a director and recommending candidates to the Board, when circumstances warrant the appointment of a new Director, having regard to the range of skills, experience, expertise, knowledge and wisdom.

The Committee shall review to extend or continue the term of appointment of the Independent Director, based on the report of their performance evaluation.

Succession plans

The Committee shall address and review sufficiently in advance the succession plans to ensure smooth transition and maintain an ideal balance of skills, experience and expertise on the Board.

Evaluation of performance

The Committee shall formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company and recommend it to the Board.

The Committee shall review the training and education program for the Board to ensure that Non-Executive Directors are provided with adequate information regarding the advancements in the business, regulations and their responsibilities.

Policy on Board diversity

The Board of Directors shall have the optimum combination of skills, knowledge and experience of different competencies, to bring sufficient diversity and wisdom to the Board.

Appointment and removal of Director, KMPs and SMPs

Appointment criteria and qualifications

1. The Committee shall identify and ascertain qualification, expertise and experience of the person for appointment as Director, KMP or SMP and recommend to the Board his / her appointment.
2. A person to be appointed as Director, KMP or SMP level should possess adequate qualifications, expertise and experience for the position he / she is considered for appointment.
3. A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise and insights in sectors / areas relevant to the Company, ability to contribute to the Company's growth and complementary skills in relation to the other Board members.
4. 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 at the discretion of the Committee beyond the age of seventy years with the approval of the 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 as the case may be.
5. A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of the Company.

Term / Tenure

1. Managing Director / Whole-time Director

The Company shall appoint or re-appoint any person as its Managing Director or CEO or Whole-time 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.

2. 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 serve 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 (Executive) Director of a listed company.

Retirement

The Whole-time Directors, KMP and SMP shall retire as per the applicable provisions of the Companies Act, 2013 and the policy of the Company. The Board will have the discretion to retain the Whole-time Directors, KMP and SMP, even after attaining the retirement age, for the benefit of the Company.

Removal

Due to reasons for any disqualification(s) mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other grounds, the Committee may recommend to the Board for removal of a Director, KMP or SMP.

Remuneration

i. Director / Managing Director

The Remuneration / compensation / commission, etc. to be paid to Director / Managing Director 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.

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

ii. Non-Executive and Independent Directors

The Non-Executives and Independent Director(s) will receive remuneration by way of sitting fees for attending meetings of Board or Committee(s), as determined by the Board, and as revised from time to time, depending on individual's contribution, the Company's performance and the provisions of the Companies Act, 2013 and the rules made thereunder.

The remuneration to the Non-Executive Directors (including Independent Directors) may be paid within the monetary limit approved by shareholders.

iii. KMPs / SMPs

The Remuneration to be paid to KMPs / SMPs shall be based on the experience, qualifications and expertise of the 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. The Committee may delegate the power to recommend the terms of appointment of KMPs / SMPs to one or more of its members.

The remuneration to the KMPs / SMPs may 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.

iv. Directors' and KMP's / SMPs' Insurance

The Company shall take insurance cover to protect the Directors, KMP's / SMPs for liabilities. Where any insurance is taken by the Company on behalf of its Directors, KMPs / SMP either for indemnifying them against any liability or any other matter as may be deemed fit, the premium paid on such insurance, shall not be treated as part of the remuneration payable, to any such personnel.

Committee Members' Interests

- i) A member of the Committee is not entitled to be present when his or her remuneration is discussed at a meeting or when his or her performance is being evaluated.
- ii) The Committee may invite such Executives, as it considers appropriate, to be present at the meetings of the Committee for the conduct of its objectives.

Secretary

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

Review

In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Companies Act, 2013 or regulations, then the provisions of the Companies Act, 2013 or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification in the policy as recommended by the Committee would be given for approval of the Board of Directors.

Disclosure of information

Information on the total remuneration of members of the Company's Board of Directors, Whole Time Directors and KMPs / SMPs may be disclosed in the Company's annual financial statements, as per statutory requirements.