



PAHARPUR COOLING TOWERS LIMITED

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CIN: U02005WB1949PLC018363

POLICY OF NOMINATION AND REMUNERATION POLICY OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

INTRODUCTION:

The Board of Paharpur Cooling Towers Limited ('the Company') at its Meeting held on July 22, 2014 has constituted a Nomination and Remuneration Committee ('NRC') in compliance with the provisions of Section 178(1) of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014.

The composition of the NRC shall be as determined by the Board from time to time, in accordance with the requirements of the Act and applicable regulations.

OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with Rule 6 of the Companies (Meeting of Board) Rules, 2014 and its role and objective would be:

1. To formulate the criteria for determining qualifications, positive attributes and independence of a director.
2. To identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
3. To recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.
4. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
5. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
6. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
7. To provide reward to Key Managerial Personnel and Senior Management directly linked to their effort, performance, dedication and achievement relating to the Company's operations.
8. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
9. To develop a succession plan for the Board and to regularly review the plan.



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POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

A. Appointment criteria:

- 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.
- 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 is sufficient / satisfactory for the concerned position.

B. Term / Tenure:

- **Managing Director/Whole-time Director:**
 - ✓ The Company shall appoint or re-appoint any person as its Executive Chairman, 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.
- **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 disclose such appointment in the Board's report.
 - ✓ 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 or such other number as may be prescribed under the Act.

C. Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, 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.



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D. Retirement:

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the 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.

PRINCIPLES OF REMUNERATION:

Support for Objectives: Remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, supports and reinforces the achievement of the Company's objectives.

Transparency: The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.

Internal equity: The Company shall remunerate the Executives in terms of their roles and responsibilities within the organisation. Positions shall be formally evaluated to determine their relative weight in relation to other positions within the Company.

External equity: The Company strives to pay an equitable remuneration, capable of attracting and retaining high quality personnel. Therefore the Company will remain logically mindful of the ongoing need to attract and retain high quality people, and the influence of external remuneration pressures.

Flexibility: Remuneration and reward offerings shall be sufficiently flexible to meet both the needs of individuals and those of the Company whilst complying with relevant tax and other legislation.

Performance-Driven Remuneration: The Company shall entrench a culture of performance driven remuneration, whether as part of increment or separately and in such form as may be considered appropriate.



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POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

Remuneration to Non-Executive Directors: Non-Executive directors may be paid remuneration by way of fee and reimbursement of expenses for participation in the Board and other meetings and commission and/or such other payments as may be permitted by the law applicable to such payments. Such payments shall be subject to the provisions of Companies Act, 2013 .

Remuneration to Executive Directors : The remuneration to be paid to the Executive Directors shall be governed by the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the approvals obtained from the Shareholders of the Company. The Nomination and Remuneration Committee shall make such recommendations to the Board, as it may consider appropriate with regard to the terms, conditions and remuneration to be paid to the Executive Directors.

Remuneration to KMP/ SMP: The remuneration to be paid to KMP and SMP shall be recommended by the Nomination and Remuneration Committee and approved by the Board in accordance with the provisions of the Companies Act, 2013.

Remuneration to Other Employees: The remuneration of other employees shall be determined according to their qualifications, work experience, competencies as well as their roles and responsibilities in the Company. Individual remuneration shall be determined on the basis of evaluation done by the respective departmental heads in consultation with the HR head.

Compensation Structure:

Executives unless otherwise decided by the Committee shall receive a competitive remuneration package consisting of the following components:

- **Fixed Pay :** Fixed Pay rewards the executives for their day-to-day job performance and ensures a balanced overall remuneration package. The fixed pay shall comprise of basic salary and allowances as per the rules of the Company. The Whole-time Director/ KMP and shall be eligible for a monthly remuneration may be approved by the Board on the recommendation of the Committee. Senior Management Personnel shall be paid fixed pay as per rules of the company.



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- **Variable Pay:** In order to encourage common goals for the Executives and the shareholders of the Company and to meet the short- as well as long-term goals, the Nomination and Remuneration Committee considers it appropriate that variable pay exist for the Executives. Variable Pay may be given either by way of a separate payment or as a differential in the salary increment or in such other manner as considered appropriate. The variable components may be linked to compliance in full or in part with the targets. These may comprise personal targets linked to the performance of the executive in question, delivery of annual business results by the Company and/or the unit in which the executive works for having regard to the prevailing business environment or the occurrence of a specific event. In addition, loyalty, attitude, foresight, potential for growth, motivation, dependability, initiative and such other factors as deemed appropriate may also be taken into consideration.

The Policy is effective from 22nd July, 2014.