



BIRLA PRECISION TECHNOLOGIES LIMITED

NOMINATION & REMUNERATION POLICY

Nomination & Remuneration Policy

Policy Name	Nomination & Remuneration Policy
Background	Reconstitution of Remuneration Committee as “Nomination and Remuneration Committee”
Purpose	<ul style="list-style-type: none"> ✓ To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration. ✓ To determine remuneration and to carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel. ✓ To formulate criteria for determining qualifications, positive attributes and independence of a Director. ✓ To develop a succession plan for the Board and to regularly review the plan. ✓ To devise a policy on Board diversity.
Aims and Objectives	<p>This policy is intended to ensure that :</p> <ul style="list-style-type: none"> ✓ All Directors and Executives of the Company are recognized and rewarded for their performance in a fair and equitable manner; ✓ To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage; ✓ To provide reward linked directly to the effort, performance, dedication and achievement relating to the Company’s operations.
Policy Custodian	Compliance Officer

Approving Authority	Chairman of Nomination and Remuneration Committee (“the Committee”)
Applicability	This policy applies to all the Directors, Key Managerial Personnel and other permanent senior employees as may be decided by the Committee.
Policy Benchmark and References	As required under section 178 of the Companies Act, 2013 (“the Act”) and under clause 49 of the Listing Agreement entered into the Stock Exchanges where the securities of the Company are traded and listed.

PREFACE:

Birla Precision Technologies Limited (hereinafter called and referred to as “the Company”) believes in conducting its affairs in a fair and transparent manner by adopting highest standard of professionalism and good Corporate Governance Practices. The Company is committed to ensure that equitable remuneration is paid to all Directors, Key Managerial Personnel and Senior Management employees of the Company. In order to attract and retain properly qualified and skilled directors and executives, to fill vacancies at all levels, the Company aims to maintain fair and competitive remuneration consistent with industry practices and all necessary regulations.

In accordance with the Clause 49 of the Listing Agreement read with the provisions of Section 178 of the Companies Act, 2013, the Nomination and Remuneration Policy (“the Policy”) has been devised to provide as a guide to achieve the intent set out above.

APPLICABILITY

The Policy is applicable to

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

“Key Managerial Personnel” means a person as defined under Section 2(51) of the Act.

RECONSTITUTION AND CHANGE IN NOMENCLATURE

The Board changed the nomenclature of the Remuneration Committee to “Nomination and Remuneration Committee” and reconstituted to consist of the following Directors:

Name	Position	Category
Mr. Augustine Kurias	Chairman	Non-executive and Independent
Mr. Mohandas Shenoy Adige	Member	Non-executive and Independent
Mrs. Avanti Birla	Member	Non-executive

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

The Board of Directors of the Company shall have the power to issue guidelines, procedures, and manuals and to reconstitute the Committee as and when required.

CHAIRMAN

- a) Chairman of the Committee shall be an Independent Director.
- b) Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d) Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

FREQUENCY OF THE MEETING

The meeting of the Committee shall be held at such regular intervals as may be required.

VOTING

- a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote

The Nomination and Remuneration Committee shall ensure that –

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the talent;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

- (c) remuneration to directors, key managerial personnel and senior management 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:

The Nomination and Remuneration Policy of the Company is performance driven and is structured to motivate directors and employees, recognize their merits and achievements and promote excellence in their performance. Individual performance pay is determined by business performance and the performance of the individuals is measured through the annual appraisal process. Through compensation program, the Company endeavors to attract, retain, develop and motivate a high performance workforce that will ensure the long term sustainability of the Company and create a competitive advantage in the development field.

The remuneration of the Board members and the senior executives is based on the Company's size and global presence, its economic and financial position, industrial trends, compensation paid by the peer companies etc. Compensation reflects the Board members and executives responsibility and performance.

TERMS OF REFERENCE:

- i. To identify persons who are qualified to become directors and who may be appointed in senior management level in accordance with the criteria laid down in Schedule I of this policy.
- ii. To recommend to the Board, appointment and removal of the directors and evaluation of every director's performance as laid down in Scheduled I of this policy.
- iii. To formulate the criteria for determining qualifications and positive attributes of the Directors.
- iv. To deal with the matters relating to the remuneration payable to Managing Director, Whole time Directors, Key Managerial Personnel and Senior Management Executives and commission, if any, to be paid to Non-Executive directors, apart from sitting fees.
- v. To review the overall compensation policy, service agreement and other employment conditions of Managing Director, Whole time Directors, Key Managerial Personnel and Senior Management Executives which include the employees designated as Vice-President and above (normally include the first layer of management below the Board level),
- vi. Devising a policy on Board diversity;
- vii. To deal with other matters as the Board may refer to the Nomination and Remuneration Committee ("the Committee") from time to time.

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

✓ Appointment criteria and qualifications:

1. 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.
2. 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.
3. 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.

✓ Term / Tenure:

1. 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.

2. Independent Director:

An Independent Director shall hold office for a maximum 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. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1st October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.

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.

Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel, annually

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.

Retirement

The Director, KMP and Senior Management Personnel 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 Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

THE LEVEL AND COMPONENTS OF REMUNERATION

Remuneration of Whole-time Directors, Key Managerial Personnel and Senior Executives of the Company:

Role and Type of Remuneration:

The Company recognizes the competitive nature of the current labour market and this requires to the Company to provide competitive remuneration offering to directors and employees to ensure that a high caliber of staff is attracted to the Company and retained once they have gained experience. The Company further acknowledges that it can only excel in service delivery through the exceptional performance of its people and that the remuneration offering to the directors and employees plays a substantial motivational role when exceptional performance is compensated with exceptional rewards.

The Remuneration of Managing Director, Whole time Directors, Key Managerial Personnel and Senior Executives of the Company are decided based on criteria stated in Schedule I of this policy and as per the recommendation of the Committee to the Board of Directors. The Company will pay remuneration to Managing Director, Whole time Directors, Key Managerial Personnel and Senior Executives by way of salary, retirement benefits perquisites, allowances (fixed component), incentives and commission (variable component) based on the

recommendation of the Committee and approval of the Board of Directors and shareholders, if applicable.

The Committee shall make such recommendation to the Board of Directors as it may consider appropriate with regard to the remuneration of the Executive Directors.

Guaranteed Portion of Remuneration:

Managing Director, Whole time Directors and employees are receiving guaranteed portion of their Total package on a monthly basis. The total package includes in it guaranteed benefits such as employer's contribution to retirement funds i.e. provident fund and/or pension & gratuity and/or medical aid funds and/or group life insurance fund contribution etc. as applicable.

Variable Portion of Remuneration:

Incentive bonus to reward employees for exceptional performance above the accepted standard and is variable. These rewards are based on individual, departmental or Company' performance relative to predefined targets. Performance is measured over a 12 months period. Vehicle allowance and telephone expenses are flexible remuneration options available to the employees.

The remuneration policy should accordingly be considered in the greater human resource context

The Committee shall consult the Chairman and/or Managing Director about their proposals relating to the remuneration of other Whole time Directors, Key Managerial Personnel and Senior Executives.

Remuneration of Executive Directors:

For deciding remuneration of the Executive Directors, the Committee shall consider the performance of the Company, the current trends in the industry, their experience, past performance and other relevant factors. The Committee shall regularly keep track of the market funds in terms of compensation levels and practices in relevant industries.

The Company may pay remuneration by way of salary, remuneration and/or commission (variable components) to its Executive Directors. Annual increments may be decided by the Committee within salary scale approved by the members.

Remuneration of Non-Executive Directors:

Non-Executive Directors are paid remuneration by way of sitting fees. The Company pays a sitting fee per meeting of the Board and the Committee (as may be decided from time to time) to the Non-Executive Directors for attending the meetings within the limit prescribed under the Act.

The remuneration by way of Annual Commission to the Non-Executive Directors shall be decided by the Board of Directors and will be paid to them based on their participation and contribution at the Board/Committee meetings and the time spent on matters other than at meetings.

An independent director may receive remuneration by way fees provided under sub-section (5) of Section 197 of the Act, reimbursement of expenses for participation in the Board and other meetings and profit related commission as may be approved by the members of the Company.

The Independent Director shall not be eligible to get Stock Option and also be not eligible to participate in any share based payment schemes of the Company.

Any remuneration paid to Non-Executive/Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration if the following conditions are met:

- a. The Services are rendered by such Directors in his capacity as the professional and;
- b. In the opinion of the Committee, the Director possess the requisite qualification for the practice of that profession.

The Company shall disclose in the Board's report, the ratio of the remuneration of each director to the median employee's remuneration and such other details as may be prescribed under the Act.

Where any insurance is taken by a company on behalf of its managing director, whole-time director, manager, Chief Executive Officer, Chief Financial Officer or Company Secretary for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel:

Remuneration to Key Managerial Personnel and Senior Management employees:

The remuneration to Key Managerial Personnel and Senior Management employees shall consists of fixed pay and/or incentive pay, in compliance with the provisions of the Act and in accordance with the Policy.

The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from time to time.

The Incentive pay shall be decided based on the balance between performance of the Company vis-à-vis Key Managerial Personnel and Senior Management employees to be decided annually or at such intervals as may be considered appropriate.

BOARD DIVERSITY

The Company firmly recognizes and upholds in its highest esteem the advantages of having a Board Members with diverse background with different set of skills, expertise, experience and diversity which will compliments to the requirements of the Company's business. This diversity is an essential element in maintaining a competitive edge in today's cut throat competition. A diverse Board will not only give a different dimension to the contribution of the Board Members but also provide a strong rationale behind any decision making process. Such diversity/differences will be taken into account while determining the optimum composition of the Board. The Company maintains that Board appointment should be based on merit which will expand the skills, experience and expertise of the Board as a whole taking into account knowledge, experience, qualifications, gender, age, cultural and any other factors which the Board may consider appropriate for it to function effectively.

COST MANAGEMENT

The objective of remuneration cost management is the importance of the directors and employee's role, thereby reflecting their relative worth to the Company. Cost management does not necessarily imply a reduction of overall salary and bill but rather the correct allocation thereof. The Finance and Budget Department in conjunction with Human Resource Department should manage remuneration cost within budgetary constraints, while ensuring the remuneration levels of competent, exceptional performers and key employees are positioned competitively against the market.

As per Provisions of sub-section (9) of Section 197 of the Companies Act, 2013, if any director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limit prescribed by this section or without the prior sanction of the Central Government, where it is required, he 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 the recovery of any sum refundable to it, unless permitted by the Central Government

The Board of Directors of the Company shall have the power to issue guidelines, procedures, and manuals and to reconstitute the Committee as and when required.

For **Birla Precision Technologies Limited**

Sd/-

Mohandas Shenoy Adige
(Director)
(DIN00280925)

Schedule I

Criteria for appointment and performance evaluation – related remuneration for Directors/Key Managerial Personnel and Senior Executives of the Company.

- At the time of selection of a Director the Company must examine the integrity of the person and possession of relevant expertise, qualifications and experience.
- In case of appointment of Independent Director, the Company must observe the pecuniary relationship with the promoters and group companies.
- The level and composition of remuneration should be reasonable and sufficient to attract, retain and motivate directors/executives to run the Company successfully.
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- Financial and operating performance vis-à-vis the Annual and Operating Budget of the Company.
- Remuneration of directors, key managerial personnel and senior management 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.
- External Competitiveness: The quantum and nature of the total offering to directors and employees determines how competitive the Company is in recruiting and retaining them. The appropriate mix of guaranteed benefits and incentives further enhances the Company's ability to motivate them in a manner that will improve the Company's competitiveness.
- The size and complexity of a position is determined through a valid job evaluation system and individual performance is measured through the established and approved Performance Management System.
- Remuneration recognizes and rewards both high levels of competence and superior performance through the use of incentive bonuses linked to performance.
- The Nomination and Remuneration Committee shall consider whether the directors are eligible for annual bonuses. If so, performance conditions should be relevant, stretching and designed to promote the long term success of the Company. Upper limits should be set and disclosed.
- The said committee shall consider whether the directors are eligible for benefits under long-term incentive schemes. Any new long-term incentive schemes which are proposed should be approved by shareholders.
- Remuneration incentives should be compatible with risk policies and systems, if any.
- The above committee shall consider the consequences and associates costs to the Company if basic salary increases and any other changes, whenever required.