

PATEL INTEGRATED LOGISTICS LIMITED

Nomination and Remuneration Committee Policy for Directors, KMPs and Senior Management

TITLE:

This Policy shall be called as 'PILL Nomination and Remuneration Policy.'

COMMENCEMENT:

This Policy has come in to effect on 04th July 2014 i.e. upon its approval by the Board of Directors of Patel Integrated Logistics Limited.

OBJECTIVE:

The provisions in the Companies Act, 2013 and corresponding provisions in the revamped Clause 49 of the Listing Agreement have ushered India Incorporation in to a new era of Corporate Governance. The new statutory regime places seemingly onerous governance responsibilities on the shoulders of the Board of Directors and Key Managerial Personnel of the Companies.

Considering this it is necessary to ensure quality of persons on the Board of Directors of the Company as well as in the Key Managerial personnel, as these are the persons who are entrusted with the responsibility of policy formulation for, direction to and execution of the business and operations of the Company.

Section 178 of the Companies Act, 2013 and clause 49 of the Listing Agreement provide the necessary legal impetus for companies to constitute a Nomination and Remuneration Committee to formulate the criteria in order to determine the qualifications, positive attributes and independence of a director and recommend to the Board of Directors, the policy relating to the remuneration for the directors, key managerial personnel and other employees and also to lay down the criteria for various matters like training of independent directors and performance evaluation of directors.

DEFINITIONS:

Board means the Board of Directors of Patel Integrated Logistics Limited.

Company means Patel Integrated Logistics Limited.

Director means a person who has been appointed as such on the Board of the Company and includes Executive as well as Non-Executive Directors.

Executive Director means a Director who is in the whole time employment of the Company and includes a Managing Director as well as a Whole time Director.

Government includes Central Government as well as any of the State Governments, any statutory authority, tribunal, board or a governmental or semi-governmental authority or any authority or agency recognized by the Government.

HR Department means the Human Resource Department of the Company.

HR Policy means the Policy of the Company defining the criteria and process for the recruitment, training, appraisal etc. and dealing with other matters concerning the employees of the Company.

Key Managerial Person means a person as defined under section 2(51) and appointed as such by the Board under section 203 of the Companies Act, 2013.

Nomination & Remuneration Committee means the Committee of the Board constituted as such under the provisions of section 178 of the Companies Act, 2013.

Non-Executive Director means a Director who is not in the whole time employment of the Company and includes an Independent Director as well as a Promoter Director but does not include a Nominee Director.

Policy means this policy, as may be amended from time to time by the Board of Directors of the Company.

Remuneration shall mean the Cost to the Company and shall include the salary, allowances, perquisites, performance incentive and any other facility provided or payment made to the employee.

CONTENTS OF THE POLICY:

This Policy contains following:

- a) Process for the selection and appointment of Directors and Key Managerial Personnel;
- b) Criteria for determining remuneration of the Directors, Key Managerial Personnel and other employees of the Company;
- c) Board Diversity and criteria for the independence, qualifications and experience of directors;
- d) Training of independent directors; and
- e) Performance evaluation of directors.

(I) SELECTION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

In case of Executive Directors and Key Managerial Personnel, the selection can be made in either of the ways given below:

- a) by way of recruitment from outside;
- b) from within the Company hierarchy; or
- c) Upon recommendation by the Chairman or other Executive Director.

The appointment may be made either to fill up a vacancy caused by retirement, resignation, death or removal of an existing Executive Director and Key Managerial Personnel or it may be a fresh appointment.

In case of Non-Executive Directors the selection can be made in either of the ways given below:

- a) By way of selection from the data bank of Independent Directors maintained by the Government.
- b) Upon recommendation by Chairman or other Executive Director.

The appointment may be made either to fill up a vacancy caused by resignation, death or removal of an existing Non-Executive Director or it may be appointment as an additional director or an alternate director.

(II) QUALIFICATIONS, EXPERIENCE AND POSITIVE ATTRIBUTES OF DIRECTORS

- a) While appointing a Director, it shall always be ensured that the candidate possesses appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines **related to the company's business**.
- b) In case of appointment as an Executive Director, the candidate must be professionally qualified unless otherwise decided by the Board and must have an experience as is considered necessary based on the KRAs of the position. In case no specific qualification or experience is prescribed or thought necessary for the position then, while recommending the appointment, the HR Department shall provide the KRAs to the Committee and justify that the qualifications, experience and expertise of the recommended candidate are satisfactory for the relevant appointment. In such circumstances, the Committee may call for an expert opinion on the appropriateness of the qualifications and experience of the candidate for the position of the Executive Director.

- c) In case of appointment as a Non-Executive Director, the candidate must have a post graduate degree, diploma or a professional qualification in the field of his practice / profession / service and shall have not less than Five years of working experience in such field as a professional in practice, advisor, and consultant or as an employee. **Provided that** the Board may waive the requirements of qualification and / or experience under this paragraph for a deserving candidate.

The Board, while making the appointment of a Director, shall also try to assess from the information available and from the interaction with the candidate that he is a fair achiever in his chosen field and that he is a person with integrity, diligence and open mind.

(III) BOARD DIVERSITY AND INDEPENDENCE OF DIRECTORS

While making appointment of directors, following principles shall be observed by the Board, as far as is practicable:

- a) There shall be a proper mix of Executive and Non-Executive Directors and Independent and non-independent directors on the Board. The Company shall always be in compliance of the provisions of section 149 of the Companies Act, 2013 and clause 49 of the listing agreement, as amended from time to time, in this regard.
- b) There shall be a workable mix of directors drawn from various disciplines. This means that there shall be a proper mix of directors drawn from various disciplines like technical, finance, commercial, legal etc. The Board shall not at any time be entirely comprised of persons drawn from singular discipline or field.
- c) While appointing a director to fill in a casual vacancy caused by death, resignation etc. of a director, an effort shall be made, as far as possible, to appoint such a person in his place who has the relevant experience in the fields or disciplines in which the outgoing director had the experience.
- d) No preference on the basis of gender, religion or cast shall be given while considering the appointment of directors.
- e) Generally, an effort shall be made to maintain the Board diversity with persons from diverse disciplines (relevant to the Company's business), of different age groups and both the genders (male as well as female) inducted as Directors.
- f) While appointing independent directors, the criteria for the independent directors, as laid down in section 149 (6) of the Companies Act, 2013 and clause 49 of the listing agreement shall be followed.

(IV) PROCESS FOR APPOINTMENT OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

(A) Process for the appointment of Executive Directors and Key Managerial Personnel:

- a) A proposal for the appointment of an Executive Director / Key Managerial Personnel shall be filled in and submitted for the consideration of the Board in the format enclosed as **annexure 1** to this Policy.
- b) The proposal shall be signed and submitted by the head of the HR Department in case the selection is by way of recruitment from outside or from within the Company hierarchy. In case the selection is by way of recommendation by the Chairman or other Executive Director, the form has to be signed and submitted by such Recommender.
- c) The Board shall, based on the information available in the proposal, deliberate upon the necessity for appointment, expertise, skill and knowledge of the candidate and reasonableness of the remuneration.
- d) The Board may call and seek the help of the head of HR Department or any other Company Official including the recommender or a Key Managerial Personnel while finalizing the appointment. The recommender shall not take part in the discussion or voting on the appointment of a Key Managerial Personnel.

(B) Process for the appointment of Non- Executive Directors:

- a) A proposal for the appointment of a Non-Executive Director shall be filled in and submitted for the consideration of the Board in the format enclosed as **annexure 2** to this Policy.
- b) The proposal shall be signed and submitted by the Company Secretary in case the selection of the candidate is from the data bank maintained by the Government. In case of selection on the basis of recommendation by the Chairman or other Executive Director, the form has to be signed and submitted by such Recommender.
- c) The Board, based on the information available in the proposal, shall deliberate upon the necessity for appointment, integrity, qualifications, expertise, skill and knowledge of the candidate.

(V) REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

- a) While determining the remuneration of Executive Directors and Key Managerial Personnel, the Board shall consider following factors:

- i) Criteria / norms for determining the remuneration of such employees prescribed in the HR Policy.
 - ii) Existing remuneration drawn.
 - iii) Industry standards, if the data in this regard is available.
 - iv) Key Result Area (KRA).
 - v) Qualifications and experience levels of the candidate.
 - vi) Remuneration drawn by the outgoing employee, in case the appointment is to fill a vacancy on the death, resignation, and removal etc. of an existing employee.
 - vii) The remuneration drawn by other employees in the grade with matching qualifications and seniority, if applicable.
- b) The determination of remuneration for senior management shall be governed by the HR Policy.
- c) The proposal for the appointment of an Executive Director / Key Managerial Personnel shall provide necessary information (please see annexure 1) in this regard which will assist the Board in arriving at the conclusion as to whether or not the remuneration offered to the candidate is appropriate, reasonable and balanced as to the fixed and variable portions (including the commission).
- d) The Total remuneration payable to the Executive Directors, including the Commission and value of the perquisites, shall not exceed the permissible limits as are mentioned within the provisions of section 197 and section 198 of the Companies Act, 2013.
- e) The Executive Directors shall not be eligible to receive sitting fees for attending the meetings of the Board or committees thereof.
- f) The Non-Executive Directors shall not be eligible to receive any remuneration / salary from the Company. However, the Non-Executive Directors shall be paid sitting fees for attending the meeting of the Board or committees thereof and commission, as may be decided by the Board / shareholders from time to time.

The Non-Executive Directors shall also be eligible to the reimbursement of the reasonable out-of-pocket expenses incurred by them for attending the meetings of the Board, committees including the travelling and lodging & boarding expenses on an actual basis.

- g) The amount of sitting fee and commission payable to Non-Executive Directors shall not exceed the limits prescribed under the provisions of the Companies Act, 2013.

(VI) TRAINING OF INDEPENDENT DIRECTORS

The Company shall arrange to provide training to independent directors to familiarize them with the Company, their roles, rights and responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc.

Every independent director shall be provided such training within one year of joining the Company. The training may be provided in any of the ways given below:

- a) By providing Reading material to the independent director(s) giving all relevant information about the Company, industry and the role of independent directors.
- b) An induction program devised for the independent director(s) wherein structured training is provided to the independent director(s) either exclusively or with other officials of the Company who are due for such induction / training.
- c) The independent directors being inducted in by the CEO, CFO and the Company Secretary.

The record of the training provided to the independent directors shall be kept by the Company Secretary in such form and manner as may be deemed fit.

(VII) PERFORMANCE EVALUATION OF DIRECTORS

- a) The performance evaluation of Directors (including independent directors but excluding Nominee Director(s)) shall be carried out by each of the other directors on the Board. It shall be carried out once in every financial year in the manner mentioned hereinafter.
- b) The entire process of evaluation shall be carried out in such a way that the collective result of the evaluation is only known to the person evaluated.
- c) The Performance of Board as a Whole, Committees of Board and Individual Director will be evaluated on pre-determined criteria with additional criteria for Independent directors and Chairperson and pre-determined rating scale.

- d) The Chairman/ Vice Chairman will discuss the results of the evaluation with the concerned independent director.
- e) If the rating is of any director is unsatisfactory the Chairman / Vice Chairman shall convey to such director the reasons for the score mentioned by the evaluator(s), and suggestions for improvements, if any.

AMENDMENTS:

The Board of Directors shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with new provisions or replace this Policy entirely with a new Policy from time to time.

INTERPRETATION:

- a) Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, Listing Agreement, Accounting Standards or any other relevant legislation / law applicable to the Company.
- b) The reference to the male gender in the Policy shall be deemed to include a reference to female gender.
- c) In case of any dispute or difference upon the meaning / interpretation of any word or provision in this Policy, the same shall be referred to the Nomination and Remuneration Committee and the decision of the Committee in such a case shall be final. In interpreting such term / provision, the Committee may seek the help of any of the officers of the Company or an outside expert as it deems fit.

PATEL INTEGRATED LOGISTICS LIMITED

Proposal Form for the appointment of an Executive Director or a Key Managerial Personnel

Manner of selection (please tick the : a) by way of recruitment from outside;
appropriate option)

b) from within the Company hierarchy; or

c) Upon recommendation by the Chairman or other Executive Director.

Type of appointment (please tick the : a) to fill up the vacancy caused by retirement,
appropriate option) resignation, death or removal of an existing Executive Director.

b) fresh appointment.

Position and job description in brief.

Justification, in brief, in case of fresh :
appointment.

Name of the candidate. :

DIN of the candidate (in case of :
appointment as Executive Director).

Qualifications, including professional :
qualifications, in brief.

Experience in years and fields of :
experience.

Any achievements, awards, accolades, :
Citations etc. received.

Names etc. of the references provided by :
the candidate and a statement giving the
response of such references about the
candidate.

The details and result of net check or such :
other due diligence check, if any,
conducted on the candidate.

Name of the existing employer and :
designation of the candidate and duties
handled by the candidate currently.

Existing remuneration drawn by the :
candidate including the fixed and variable
salary and perquisites, in detail.

Proposed remuneration offered to the :
candidate including the fixed and variable
salary and perquisites, in detail.

(a) Qualifications, experience and salary :
drawn by the employees of the
Company who are in the same or
comparable grade with qualifications
and seniority matching with the
Candidate.

(b) In case of appointment in the vacancy
caused by retirement, resignation,
death or removal of an existing
employee, qualifications, experience
and remuneration drawn by such
outgoing employee.

Industry standards citing similar employees :
in other companies in the same industry
and remuneration drawn by them, in case
the data is available.

In case of appointment as Executive :
Director, whether necessary declarations
required to be obtained from a Director
prior to his appointment, have been
obtained by the Company Secretary.

Sign:

Name of the submitter / recommender

Designation:

Date:

PATEL INTEGRATED LOGISTICS LIMITED

Proposal Form for the appointment of a Non-Executive Director

Manner of selection (please tick the appropriate option) : a) By way of selection from the data bank of Independent Directors maintained by the Government.

b) Upon recommendation by Chairman or other Executive Director.

Type of appointment (please tick the appropriate option) : a) To fill up the vacancy caused by resignation, death or removal of an existing Non-Executive Director.

b) appointment as an additional director.

c) appointment as an alternate director.

Name of the candidate. :

DIN of the candidate. :

Qualifications, including professional qualifications, in brief. :

Experience in years and fields of experience. :

Any achievements, awards, accolades, Citations etc. received. :

Names etc. of the references provided by the candidate and a statement giving the response of such references about the candidate. :

The details and result of net check or such other due diligence check conducted on the candidate. :

Whether necessary declarations required :
to be obtained from a Director prior to his
appointment, have been obtained by the
Company Secretary.

Sign:

Name of the submitter / recommender

Designation:

Date: