



# **NOMINATION & REMUNERATION POLICY**

**PULZ ELECTRONICS LIMITED**

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In accordance with the provisions of Section 178(3) of the Companies Act, 2013 read with rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Nomination and Remuneration Committee recommended the following remuneration policy relating to the remuneration of Directors, Key Managerial Personnel and other employees which was approved and adopted by the Board.

### ***DEFINITIONS***

**'Board'** means Board of Directors of the Company;

**'Directors'** means Directors of the Company;

**'Committee'** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable listing agreements and/ or regulations;

**'Company'** means Pulz Electronics Limited;

**'Independent Director'** means a Director referred to in Section 149(6) of the Companies Act, 2013 and rules;

**'Key Managerial Personnel (KMP)'** means-

- i) The Managing Director or the Chief Executive Officer or the manager and in their absence, a Whole-time Director;
- ii) The Company Secretary; and
- iii) The Chief Financial Officer

**Senior Management** means personnel of the Company who are the members of its core management team excluding Board of Directors comprising all members one level below the Executive Directors, including the functional heads.

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



## **REMUNERATION POLICY**

### **I. Preamble:**

This remuneration policy is formulated in compliance with section 178 of the Companies Act, 2013, read with the applicable rules thereto and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. This policy has been formulated by the Nomination and Remuneration Committee (hereinafter referred to as 'NRC') and has been approved by the Board of Directors based on the recommendations of the NRC.

### **II. Objective:**

The Objective of the policy is to ensure:

1. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
2. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
3. 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.

### **III. Compliance with applicable laws:**

The procedure and limits for payment of remuneration under this policy shall be in accordance with the provisions of (a) the Companies Act, 2013, read with schedules and rules framed thereunder; (b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; (c) Articles of Association of the Company; (d) prevailing HR policy of the Company and (e) any other applicable law or regulations.

### **IV. Remuneration to Non-Executive Directors:**

- (i) Sitting fees within the limits prescribed under the provisions of section 197(5) of the Companies Act, 2013 read with rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for attending the meetings of the Board and Committee thereof;
- (ii) Commission may be paid to the Non-Executive Non-Independent Directors as per the provisions of the Companies Act, 2013, as may be decided by the Board;
- (iii) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of quality required to run the Company successfully.



**V. Remuneration to Executive Directors:**

Remuneration to the Executive Directors shall be paid within the limits prescribed under the provisions of Schedule V of the Companies Act, 2013. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of quality required to run the Company successfully.

**VI. Remuneration to other employees:**

Basic Salary, Allowances, such other perquisites and/ or incentives and/ or bonus and/ or Variable Incentive Pay (including ESOP) based on factors as above, as may be decided by the management from time to time as per HR Policy.



## **NOMINATION POLICY**

### **Criteria for identification of persons for appointment as Directors and in Senior Management:**

In accordance with the provisions of section 178(3) of the Companies Act, 2013 read with Part A of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, the NRC is required to formulate the criteria for determining qualifications, positive attributes and independence of a Director. The criteria adopted by the NRC for the aforesaid purpose are as under:

#### **I. Qualifications**

- (a) He/ She should possess 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) Such qualifications as may be prescribed under the Companies Act, 2013 read with the rules framed thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (c) The Company shall not appoint or continue the employment of any person as Managing Director/ Executive Director /Independent Director who has attained the age of seventy years. Provided 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 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;
- (d) 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.

#### **II. Positive Attributes**

- (a) He/ She should be a person of integrity, with high ethical standard;
- (b) He/ She should be able to commit to his/ her responsibilities and devote sufficient time and attention to his/ her professional obligation as a director;
- (c) He/ She should be having courtesy, humility and positive thinking;
- (d) He/ She should be knowledgeable and diligent in updating his/ her knowledge;
- (e) He/ She should have skills, experience and expertise by which the Company can benefit;
- (f) In respect of Executive/ Whole time Director/ Managing Director, in addition to I(a) & I(b) and II(a) to (e) above, he/ she should have strong quality of leadership and team mentoring, recognition, management skills, vision, ability to steer the organisation even in adverse conditions, innovative thinking, result oriented and ability to enhance reputation of the organisation.



### **III. Independence**

In respect of an Independent Director, in addition to I(a) & (b) and II (a) to (e) above, he/ she should fulfil the criteria for being appointed as an Independent Director prescribed under section 149 of the Companies Act, 2013 read with Schedule IV to the said Act and Regulation 16(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

#### **Term/ Tenure**

##### Managing Director/ Whole-time Director

The Company can appoint or re-appoint any person as its Managing Director 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.

##### Independent Director

An Independent Director shall hold office for a term up to five 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 five years or more in the Company as on April 1, 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 five 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 and three unlisted 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.

#### **Removal**

Due to reasons for disqualification as 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 or KMP subject to the provisions and compliance of the said Act, rules and regulations.



## **Retirement**

The Whole-time Directors, 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 Whole-time Directors, KMP and senior management personnel in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.



***Matters to be dealt with, perused and recommended to the Board by the  
Nomination and Remuneration Committee***

The following matters shall be dealt by the Committee: -

(a) Size and composition of the Board:

Periodically reviewing the size and composition of the Board to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company as a whole.

(b) Directors:

Formulate the criteria determining qualifications, positive 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 and expertise, on the Board and who will best complement the Board.

(c) Succession Plans:

Establishing and reviewing Board and senior executive succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management.

(d) Evaluation of performance:

Make recommendations to the Board on appropriate performance criteria for the Directors.

Formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company.

Identify ongoing training and education programs for the Board to ensure that Non-Executive Directors are provided with adequate information regarding the options of the business, the industry and their legal responsibilities and duties.

(e) Board Diversity:

The Committee is to assist the Board in ensuring Board nomination process with the diversity of gender, thought, experience, knowledge and perspective in the Board, in accordance with the Board Diversity policy.

(f) Remuneration framework and policies:

The Committee is responsible for reviewing and making recommendations to the Board on:

- i) the remuneration of the Managing Director, Whole-time Directors and KMPs;
- ii) the total level of remuneration of Non-Executive Directors and for individual remuneration for Non-Executive Directors and the Chairman, including any additional fees payable for membership of Board committees;





- iii) the remuneration policies for all employees including KMPs, senior management and other employees including base pay, incentive payments, equity awards, retirement rights and service contracts having regard to the need to:
  - a) attract and motivate talent to pursue the Company's long-term growth;
  - b) demonstrate a clear relationship between executive compensation and performance;  
and
  - c) be reasonable and fair, having regard to best governance practices and legal requirements.
- iv) the Company's equity based incentive schemes including a consideration of performance thresholds and regulatory and market requirements;
- v) the Company's superannuation arrangements and compliance with relevant laws and regulations in relation to superannuation arrangements; and
- vi) the Company's remuneration reporting in the financial statements and remuneration report.