

ESSEL PROPACK LIMITED

REMUNERATION POLICY

Introduction:

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the Listing Obligations And Disclosure Requirements Regulations, 2015 (LODR) as amended from time to time, this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management Personnel has been formulated by the Committee and approved by the Board of Directors. Objective and purpose of the Policy:

The objective and purpose of this policy are:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management, Key Managerial positions and to determine their remuneration.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies in the plastic, lamitubes & caps industry or any such similar industry.
- To carry out evaluation of the performance of Directors, as well as Key Managerial Personnel and Senior Management Personnel.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage. In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on November 05, 2014.

Effective Date:

This policy shall be effective from November 05, 2014.

Constitution of the Nomination and Remuneration Committee or Compensation Committee:

The Board has changed the nomenclature of Remuneration Committee constituted on January 10, 2001 by renaming it as Nomination and Remuneration Committee/Compensation Committee on May 29, 2014.

The Nomination and Remuneration Committee/ Compensation Committee comprises of following Directors:

Sr. No.	Name	Position
1	Mr Boman Moradian	Chairman- Independent Non – Executive Director
2	Mr Mukund Chitale	Independent Non – Executive Director
3	Ms Radhika Pereira	Independent Non – Executive Director

The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirement.

Definitions

- Board means Board of Directors of the Company.
- Director means Director appointed to the Board of a Company.
- Committee means Nomination and Remuneration Committee (Compensation Committee) of the Company as constituted or reconstituted by the Board.
- Company means Essel Propack Limited.
- Employees' stock option means the option given to the directors, officer or employees of a Company or of its holding company or subsidiary company or associate companies, if any, which gives such directors or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.
- Independent Director means a director referred to in Section 149 (6) of the Companies Act, 2013.
- Key Managerial Personnel (KMP) means-
 - (i) Vice Chairman & Managing Director/CEO;
 - (ii) Whole-time Director;
 - (iii) Chief Financial Officer;
 - (iv) Company Secretary;
 - (v) Such other officer as may be prescribed under the applicable statutory provisions / regulations.
- Senior Management Personnel means personnel of the Company who are members of its core management team excluding Board of directors comprising all members of management 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 as may be amended from time to time shall have the meaning respectively assigned to them therein.

Applicability

The Policy is applicable to

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

General

- This Policy is divided in three parts: Part – A covers the matters to be dealt with and recommended by the Committee to the Board, Part – B covers the appointment and nomination and Part – C covers remuneration and perquisites etc.
- The key features of this Company's policy shall be included in the Board's Report.

PART – A

MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial positions and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

PART – B

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

- 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.

All appointment of Directors, Key Managerial Personnel and Senior Management Personnel will be done by the Board based on the recommendation of the Committee. The Management will provide all necessary information in this regard.

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 Managing /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 may appoint or re-appoint any person as its 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 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.

However appointment of Independent Directors is subject to compliance of provisions of section 149 of the Companies Act, 2013, read with schedule IV and rules framed thereunder and LODR.

- Evaluation:

The Committee shall carry out evaluation of performance of every Director at regular interval (yearly). In case of KMP and Senior Management Personnel, the committee shall review the evaluation carried out by the Managing Director.

- 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 and Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013 read alongwith rules and regulations framed thereunder.

- Retirement:

The Board on the recommendation of the Committee will have the discretion to determine the retirement of the Director, KMP and Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company; subject to the provisions of the Companies Act, 2013 read along with the rules framed thereunder and prevailing policy of the Company.

PART – C

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

- General:

1. The remuneration / compensation / commission etc. to the Managing Director/Whole-time Director, KMP and Senior Management Personnel will be recommended by the Committee to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

2. The remuneration and commission to be paid to the Managing Director/Whole-time Director shall be in accordance with the percentage / conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules framed thereunder.

3. Increments to the existing remuneration / compensation structure may be recommended by the Remuneration & Nomination Committee/Compensation Committee to the Board which should be within the limits approved by the Shareholders in the case of Managing Director/Whole-time Director. In case of KMP and Senior Management Personnel this shall be in accordance with compensation framework as adopted for employees generally. Increments will be effective from the date mentioned in the respective resolutions in case of a Managing Director/Whole time Director and 1st April in respect of other employees of the Company; unless specifically approved otherwise.

4. Premium paid by the Company for the Directors and Officer (D & O) Liability Policy and such other policy availed by the Company on behalf of its Managing Director/Whole Time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability shall not be treated as part of the remuneration payable to any such personnel.

• **Remuneration to Whole-time Director/ Managing Director, KMP and Senior Management Personnel.**

1. Remuneration

1a. Fixed pay and Variable pay payable to Managing Director /Whole Time Director

The Managing Director/Whole Time Director shall be eligible for remuneration as may be approved by the Board on the recommendation of the Nomination & Remuneration Committee.

The remuneration payable to Managing Director/Whole Time Director shall comprise of fixed pay, perquisites and a variable salary determined as a percentage of fixed salary & payable annually, linked to achievement against pre-agreed annual performance parameters. The Managing Director/Whole Time Director will not be eligible for any bonus/commission linked to profits of the Company.

In view of the above, notwithstanding that in any financial year the Company has no profits or its profits are inadequate, the Company shall pay the remuneration as aforesaid to its Managing Director/ Whole time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and with the previous approval of the Central Government, where necessary.

1b. Remuneration to Key Managerial personnel and Senior Management Personnel

The structure of remuneration payable to Key Managerial Personnel and Senior Management Personnel will be in accordance with the compensation framework adopted for employees generally by the HR department. Such compensation framework adopted for the employees by the HR department will be framed taking into account factors it deems relevant, including but not limited to market conditions, job description, business needs and practices in comparable companies & having regard to financial position of the Company as well as prevailing laws and government/other guidelines.

2. Provisions for excess remuneration:

If any Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she 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 recovery of such sum refundable to it unless permitted by the Central Government.

• **Remuneration to Non- Executive / Independent Director:**

1. Remuneration / Commission:

The remuneration / commission may be paid as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules framed thereunder.

2. Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. The Board of Directors shall decide on the amount of sitting fees to be paid for each meeting. Provided that the amount of such fees shall not exceed Rs 1,00,000 per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

3. Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

4. Employee Stock Options:

An Independent Director shall not be entitled to any Employee stock option of the Company.