

PITTI ENGINEERING LIMITED
[Formerly Pitti Laminations Limited]

REMUNERATION POLICY

Objective

This Remuneration Policy has been formulated in accordance with section 178 of the Companies Act, 2013 and it relates to the remuneration for the directors, key managerial personnel and other employees of Pitti Laminations Limited (PLL). The key objective of the Remuneration policy is to enable a frame work that allows for competitive and fair rewards for the achievement of key deliverables and also aligns with practice in the industry and shareholders expectations. Apart from the above it also ensures good corporate governance.

The Nomination & Remuneration committee shall approve the remuneration or revision in the remuneration payable to the Executive Directors/Whole-Time Directors. The Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.

Remuneration Guidelines

Whole-Time Directors

The remuneration paid to Chairman and Managing Director, Vice-Chairman & Managing Director and other Executive Directors is determined keeping in view the industry benchmark, the relative performance of the company to the industry performance, macro-economic review on remuneration packages of other organizations & performance benchmark.

The remuneration payable to Whole-Time Directors is proposed by the Company's Nomination & Remuneration Committee, subject to overall ceilings stipulated in Sections 198 and 309 of the Companies Act 1956, Schedule XIII of the Companies Act, 1956 and corresponding provisions of the Companies Act, 2013. It is subsequently approved by the Board of Directors, shareholders of the Company & Central Government, if required. The appointment is based on the expertise in the relevant industry, corresponding sectors and exposure of the Individual concerned. The Nomination & Remuneration committee while recommending the remuneration shall ensure that

- a) 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;
- b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- 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 working of the Company and its goals;

Perquisites and retirement benefits to whole-Time Directors are paid according to the Company policy as applicable to all employees, subject to prescribed statutory ceiling.

Independent Non-Executive Directors

Independent Non-Executive Directors are appointed for their professional expertise in their individual capacity as independent professionals. Independent Non-Executive Directors receive sitting fees for attending the meeting of the Board and other Committees as approved by the Board of Directors.

Employee Remuneration Components

Employee remuneration is evaluated annually against the performance of the Company in general and their individual performance for the relevant year measured against specific Key Result Areas.

The individual employees and Managers evaluate their performance and it is reviewed by the Head of the Department. Decision on adjustment, if any, of the employee's fixed salary or on annual performance based pay are made on the basis of this appraisal.

The various remuneration components are combined to ensure an appropriate and balanced remuneration package.

Total remuneration shall comprise of

- Fixed remuneration
- Performance-based remuneration (variable salary)
- Pension schemes, where applicable
- Other benefits in kind
- Severance payment, where applicable

The fixed remuneration is determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity and local market conditions.

The performance-based remuneration motivates and rewards high performers who significantly contribute to sustainable results, perform according to set expectations for the individual in question, strengthen long-term customer relations and generate income.

The management has determined a maximum percentage of performance-based remuneration relative to the fixed remuneration. This percentage varies according to the type of positions held by the employee. The maximum limit on variable remuneration remains at 20 percent of fixed salary. This level of remuneration will, in practice, only apply to a small minority of employees. Performance based remuneration are disbursed as cash bonus.

Pension contributions, made in accordance with applicable laws.

Severance payments, made in accordance with termination clauses in employment agreements.

Disclosure of Information

Information on the total remuneration of members of the Company's Board of Directors, shall be disclosed in the Company's annual financial statements.

Explanations

Key Managerial Personnel in relation to a company means-

- i) The Chief Executive Officer or the managing director or the manager
- ii) The Company Secretary;
- iii) The whole time directors;
- iv) The Chief Financial Officer; and
- v) Such other officer as may be prescribed;

Senior management 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.

Approval of the Remuneration Policy

This Remuneration Policy shall apply to all future employment agreements with members of Company's Executive Management and Board of Directors.

The Remuneration Policy is binding for the Board of Directors and shall be of guidance for the Board.

The Remuneration Policy shall be reviewed annually by the Nomination & Remuneration Committee and shall be approved by the Board of Directors.