



## DIRECTOR'S APPOINTMENT AND REMUNERATION POLICY

### PART A - NOMINATION POLICY

#### 1. PREAMBLE

(i) This Policy on Appointment of Directors and Members of Senior Management (the "Policy") applies to the Board of Directors (the "Board") of BPTP Limited ("BPTP" or the "Company") and the Senior Management of BPTP. The Policy was recommended and approved by the Board of the Company in its meeting held on September 30, 2019.

(ii) The primary objective of the Policy is to provide a framework and set standards for the appointment of talented and self-motivated Directors and Members of Senior Management who should have the capacity and ability to lead the Company towards achieving its stated goals and strategic objectives, taking into account the interest of all stakeholders.

(iii) The Board is ultimately responsible for the appointment of Directors and recommending the appointment of Directors (Independent Director, Nominee Director etc) to the shareholders for their approval.

#### 2. DEFINITIONS

For the purposes of this Policy:

'**Executive Board**' shall mean and include, Chairman & Managing Director, any other Whole-time Director and directors who are on the full time employment of BPTP appointed by the Board/ Shareholders, by whatever name called.

'**Senior Management**' shall mean and include the following:

- Employees in the grade of General Manager and above; and
- KMPs namely Chief Financial Officer and Company Secretary (other than Managing Director and Whole-time Directors).

#### 3. CRITERIA FOR APPOINTMENT AS A DIRECTOR AND SENIOR MANAGEMENT POSITIONS:

The criteria to be considered when assessing prospective candidates for **appointment as Directors** shall include the following:

- (a) highest levels of personal and professional ethics and integrity;
- (b) high quality attributes such as discipline, objectiveness, sensitivity and creativity;
- (c) sharing and demonstrating the values of BPTP;

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- (d) qualification in relevant disciplines (e.g. finance, secretarial, management, accountancy, legal and engineers etc.) or being a recognized specialist in disciplines or areas relevant to the Company and / or its business;
- (e) experience in the management of a diverse organization, whether located in India and/or overseas, in the Sector where the Company is already doing business or intends to enter into;
- (f) experience in accounting and finance, secretarial, administration, corporate, engineering and strategic planning or fund management;
- (g) demonstrable ability to work effectively with the Board;
- (h) excellent interpersonal, communication and representational skills;
- (i) demonstrable leadership skills;
- (j) strong influencing and negotiating skills; and

The criteria to be considered when assessing prospective candidates for a **Senior Management position** shall include the following:

- (a) highest levels of personal and professional ethics and integrity;
- (b) demonstrable leadership skills;
- (c) specialist knowledge and/or experience required for the Senior Management position in question;
- (d) good interpersonal relationships;
- (e) demonstrating intelligence, maturity and wisdom;
- (f) possesses managerial abilities such as effective communication skills, action focus, people engagement, cultural sensitivity, flexibility, team player, strategic thinking, etc.;
- (g) sharing and demonstrating the values of Escorts ; and
- (h) ability to significantly contribute towards achievement of the strategic and business objectives of the Company.

#### **4. APPOINTMENT PROCEDURE**

- (i) Every Director shall be appointed/ re-appointed by BPTP at Board or General Meeting as per the requirements of the Companies Act, 2013, or any other applicable laws.
- (ii) No person shall be appointed/ re-appointed as a Director of BPTP unless he/she has been allotted the Director Identification Number (DIN) and he/she furnishes to BPTP a declaration to the effect that he/she is not disqualified to become a Director under the provisions of the Companies Act, 2013 and rules made there under or under any other law for the time being in force and files consent to hold the office as Director.
- (iii) No person shall be appointed as a Director whose name appears in the list of willful defaulters published by the Reserve Bank of India.
- (iv) No person shall be appointed as director of the Company if he/she is disqualified for appointment as Director under Section 164 of the Companies Act, 2013 and rules made thereunder for the time being in force.

#### **5. TERM/ TENURE**

- (i) **Managing Director/Whole Time Director:** The Company shall 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 reappointment shall be made earlier than one year before the expiry of term.

- (ii) **Independent Director:** An Independent Director shall hold the office for a maximum term of up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing a special resolution by the Company and disclosure of such appointment in the Board's report. Independent Directors will normally have an age limit of 75 years. The Board might however in specific cases review this age limit and continue the tenure of the appointment subject to such approvals as are needed. No Independent Director shall hold the office for more than two consecutive terms, but Such Independent Director shall be eligible for appointment after the 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 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 up to five years only.

## **6. LETTERS OF APPOINTMENT TO DIRECTORS**

BPTP shall issue a formal letter of appointment to the person appointed as a Director of BPTP. The letter of appointment to be issued to the Independent Directors shall inter alia set out the matters as stated in Schedule IV of the Companies Act, 2013.

## **7. EVALUATION PROCEDURE FOR DIRECTORS**

- (i) Nomination and Remuneration Committee ("NRC") shall develop such assessment criteria as it shall deem fit for the purposes of undertaking performance evaluation of the Directors and the Board as a whole. NRC shall undertake an annual performance evaluation of all Directors of BPTP based on the relevant assessment criteria developed by it.
- (ii) The assessment criteria for performance evaluation of Directors shall be disclosed in accordance with the relevant provisions of the Companies Act, 2013, the rules framed thereunder.

## **8. REMOVAL**

Due to reasons for any disqualification mentioned under Section 169 of the Companies Act, 2013, rules made thereafter 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 Senior Management shall be subject to the provisions and compliance of said Act, rules and regulations.

## **9. RETIREMENT**

The Whole-time Directors 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.

## **10. POLICY REVIEW**

- (i) This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Companies Act, 2013 and rules made thereunder, and rules/regulations/guidelines made thereunder, the Memorandum and Articles of Association of the Company or as may be otherwise prescribed by the Board from time to time.
- (ii) NRC may issue/implement such guidelines, procedures, formats and/or reporting mechanisms to enforce this Policy as it may deem fit.

## **PART B – REMUNERATION POLICY**

### **1. APPLICABILITY**

This Policy shall be applicable and act as a guiding principle with regard to remuneration payable by BPTP to all Directors, KMPs, Members of Senior Management and other employees of the BPTP.

### **2. OBJECTIVES**

The primary objectives of this Policy are as under:

- (i) To ensure that the level and composition of remuneration is in line with other companies in the industry, sufficient to attract and retain right talent, at all levels and keep them motivated enough to meet the organizational objectives.
- (ii) To ensure that a reasonable balance is maintained in terms of composition of remuneration.
- (iii) To have performance measurement parameters in place to assess the overall performance of Directors, KMPs, Members of Senior Management and other employees. Based on the above objectives and broad parameters set herein.

### **3. REMUNERATION TO MANAGING DIRECTOR OR WHOLE-TIME DIRECTOR**

- The remuneration and commission and increments thereon to be paid to the Managing Director or Whole-time Director shall be determined in accordance with the conditions laid down in the Act.
- If in any financial year, the Company has no profits or its profits are

inadequate, the Company shall pay remuneration to its Managing Director or Whole-time Director in accordance with the provisions of the Act read with rules made thereunder and Schedule V of the Act.

- 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 approval required under this section, he shall refund such sums to the company, within two years or such lesser period as may be allowed by the company, and until such sum is refunded, hold it in trust for the company.
- The total remuneration of the Managing Director or Whole-time Director or Manager shall comprise of the following:
  - A fixed base salary and fixed allowances;
  - Annual performance award;
  - Retiral benefits; and
  - Other benefits and reimbursements,

The details in relation to each component are set out in Part I of **Annexure B**.

- The remuneration, compensation, commission etc. to the Whole-time Director, Managing Director will be determined by the Committee and recommended to the Board for approval. The remuneration, compensation, commission etc. shall be subject to the prior or post approval of the shareholders of the Company

#### **4. REMUNERATION TO NON-EXECUTIVE DIRECTORS**

- The remuneration and commission to be paid to the non-executive Directors shall be determined in accordance with the conditions laid down in the Articles of Association of the Company and as per the Act.
- The total remuneration of the Non-executive Directors /Independent Directors shall comprise of the Sitting Fee.

They will also be entitled to reimbursement for out-of-pocket expenses. The details in relation to each component are set out in Part II of **Annexure B**.

#### **5. REMUNERATION TO SENIOR MANAGEMENT PERSONNEL**

- The remuneration, compensation, commission etc. to the, Senior Management and other employees will be determined by the Company basis discussions with the Committee after taking into account general market practice, performance of the Company and other relevant factors as prescribed by the Committee from time to time.

## 6. Insurance

- Where any insurance is taken by the Company on behalf of its Directors, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration. However in case such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
- The Board of Directors may deviate from this policy if there are specific reasons to do so in an individual case. Any departure from the policy shall be recorded and reasoned in the Board's minutes.
- The adequacy of this policy shall be reviewed and reassessed by the Committee at such intervals as the Committee deems appropriate and recommendations, if any, shall be made to the Board to update the same from time to time.

**Annexure A**  
**BOARD EVALUATION POLICY**

The Company's board acknowledges its intention to establish "best practices" in board governance in order to fulfill its fiduciary obligation to the stakeholders. The Board believes the evaluation will lead to a closer working relationship among Board members, greater efficiency in the use of the Board's time, and increased effectiveness of the Board as a governing body.

Copies of the evaluation form will be distributed to each Board Member and each Board member shall complete the forms and return them to the Company Secretary.

The Board has adopted the evaluation criteria and forms that are attached to this policy. These may be changed at any time by the Board.

**Board Member Self Evaluation**

Criteria		Yes	No
1	I attend the Board and Committee meetings and I arrive on time and stay until meetings conclude.		
2	I contribute to the discussion in a meaningful and helpful way, listening to others and making my points concisely.		
3	I avoid conflicts of interest and ask questions of the Board Chair or Executive Director if I am unsure if a conflict exists.		
4	I read the materials distributed before the Board meeting so I can constructively participate and make timely decisions.		
5	I work with the other Board members as a team, striving for consensus when it is called for.		
6	I work with the Executive Director in a way that creates an atmosphere of trust and cooperation.		
7	I communicate governance and ethical problems to the Board Chair and Executive Director.		

## Board Evaluation

### *Performance Scale*

**4 - Outstanding    3 - Good**

**2 - Adequate**

**1 - Needs improvement**

S. No.	Criteria	4	3	2	1
		Outstanding	Good	Adequate	Needs Improvement
1.	The Board engages in long-range strategic thinking and planning.				
2.	The Board stays abreast of issues and trends affecting the plan, using this information to assess and guide the organization over the long term.				
3.	The Board ensures that new Board members receive a prompt, thorough orientation.				
4.	Board meetings are conducted in a manner that ensures open communication, meaningful participation, and sound resolution of issues.				
5.	The Board meeting agendas are well-balanced, allowing appropriate time for the most critical issues.				
6.	The Board and Committee meetings are of reasonable length.				
7.	The Committees are comprised of the right number and type of members.				
8.	The Committees report back to the Board as they should and do not exceed their authority.				
9.	The Board recognizes its policy-making role, and reconsiders and revises policies as necessary.				
10.	The Board is consistent about being prepared for meetings and staying engaged.				
11.	The Board reviews annual budget				
12.	The Board brings discussions to a conclusion with clear direction to staff.				
13.	The Board is collegial and polite during				



meetings.				
Total Score				
%age (Score obtained/ Total Score*100)				

## Annexure B

### Part I

#### Remuneration covenants

#### *Guiding Principles*

- The level and composition of remuneration is competitive, reasonable and aligned to market practices and trends to attract, retain and motivate talent required to run the Company successfully and ensure long term sustainability of the Company;
- The remuneration to Directors, KMP and SM has a fair balance between fixed and variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;
- The remuneration is linked to key deliverables, appropriate performance benchmarks and metrics and varies with performance and achievements;
- Alignment of performance metrics with business plans and strategy, corporate performance targets and interest with stakeholders;
- Quantitative and qualitative assessments of performance are used to making informed judgments to evaluate performances;
- Sufficiently flexible to take into account future changes in industry and compensation practice; and
- The pay takes into account both external market and Company conditions to a balanced 'fair' outcome.

Executive Remuneration is a combination of Base Fixed Salary and Variable Component to reflect the company's leadership position in the Industry and aligned to company's strategy

## Part II

### Remuneration of the Non-executive Directors / Independent Directors:

- **Sitting Fee**

The Non-executive / Independent Directors of the Company shall be paid sitting fees not exceeding the amount prescribed in the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules. Presently, the sitting fee for attending Board and Committee meetings is Rs. 35,000 per meeting.

- **Reimbursement of out-of-pocket expenses**

The Non-executive / Independent Directors shall be reimbursed for out of pocket expenses for attending the Board, Committee, shareholders and creditors meetings.

- **Service contract, notice period, severance fee etc.**

The Non-executive / Independent Directors are not eligible for severance fee and do not have any notice period

- **Letter of appointment**

The appointment of Independent Directors shall be formalized through a letter of appointment in compliance to the provisions of the Act *inter-alia* covering term of appointment, role of Independent Director including duties and responsibilities, sitting fee.