

REMUNERATION POLICY

A. Introduction:

This policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management has been formulated by the Nomination and Remuneration Committee in pursuance of the Company's policy to consider human resources as its invaluable assets, to harmonize the aspirations of human resources consistent with the goals of the Company, such policy is in terms of the provisions of the Companies Act, 2013, as amended by the Companies Amendment Act, 2017 (referred to as "the Act") and the Listing Agreement with the Stock Exchanges.

B. Definitions

'Act' means Companies Act, 2013 as amended by the Companies Amendment Act, 2017 and rules thereunder.

'Board of Directors' or 'Board', in relation to the Company, means the collective body of the directors of the Company.

'Committee' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.

'Company' means Phillips Carbon Black Limited (PCBL).

'Directors' means Directors of the Company.

'Executive Directors' means the personnel as such holding senior managerial position in the Company.

'Independent Director' means a director referred to in Section 149 (6) of the Act.

'Key Managerial Personnel' (KMP) means:

- a. Managing Director
- b. Chief Financial Officer
- c. Company Secretary

'Ministry' means the Ministry of Corporate Affairs, Government of India.

'Senior Management Personnel' for this purpose shall mean employees of the company who are members in the level of Executive Directors and Vice Presidents of the Company.

‘ **Vice Presidents**’ means personnel as such holding senior managerial position of the Company.

C. Objectives of the policy

The policy is framed with the objectives of facilitating the following:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial and Senior Management Personnel.
- To determine remuneration based on the Company’s size and financial position and prevalent trends and practices on remuneration in the industry.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial personnel and create competitive advantage.

D. Policy for Appointment and Removal of Director, KMP And Senior Management

1. Appointment Criteria and Qualifications

- a) The Committee shall identify and ascertain the qualification, expertise and experience of a person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is being 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.
- c) The Company shall not ordinarily appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. However, the term of a person holding this position may be extended beyond the age of seventy years in such suitable cases as may be determined by the Committee.

2. Term / Tenure

a) Managing Director:

The Company shall appoint or re-appoint any person as its Managing Director for a term not exceeding five years at a time.

b) 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 if a special resolution is passed by the Company and such appointment is disclosed in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years from ceasing to be an Independent Director.
- 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.
- At the time of appointment of an 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 or such other number as may be prescribed under the Act or the Listing Agreement(s) entered into with the stock exchange(s).

3. Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular intervals.

4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend to the

Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

5. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

E. Policy for Remuneration of Director, KMP And Senior Management

i) Remuneration to Managing Director

- The remuneration paid to the Managing Director is recommended by the Committee and approved by the Board in the Board meeting, subject to the subsequent approval by the shareholders at a general meeting and such other authorities, as the case may be.
- At the Board meeting, only the Non-Executive and Independent Directors participate in approving the remuneration paid to any Managing Director. The remuneration is arrived after considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry and the financial position of the company.

ii) Remuneration to Non-Executive & Independent Directors

- The Non-Executive Directors and Independent Directors of the Company would be paid sitting fees at the rate of Rs. 1,00,000/- per Board Meeting, at the rate of Rs. 50,000/- per Audit Committee Meeting, at the rate of Rs. 20,000/- per Independent Directors' Committee Meeting and at the rate of Rs. 5,000/- per meeting for all other Committees or such higher amount as may be permissible from time to time.
- The Non-Executive and Independent Directors may also be entitled to remuneration by way of such commission on profits pursuant to the provisions of the Act for a financial year as may be decided by the Board and approved by the shareholders of the Company from time to time in addition to the sitting fees for attending the meetings of the Board and

any Committee thereof.

- The Non-Executive and Independent Directors are also entitled to reimbursement of travel, hotel and other incidental expenses incurred by them in the performance of their role and duties.
- An Independent Director shall not be entitled to any stock option if announced by the Company.

iii) **Remuneration for Key managerial personnel, senior management and covenanted employees**

The Remuneration to be paid to KMPs/ Senior Management Personnel/ covenanted employees shall be based on the experience, qualification and expertise of the related personnel and governed by the limits, if any, prescribed under the Act and rules made thereunder or any other enactment for the time being in force.

iv) **Remuneration for Non Covenanted Employee**

Non Covenanted Employees are paid wages in accordance with the Memorandum of Settlement, entered with the recognized unions as per industry practice, as amended from time to time.

F. Amendments to the Policy

The Board on its own and / or as per the recommendations of the Committee can amend this Policy, as and when deemed fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.