

## OPTO CIRCUITS (INDIA) LIMITED

### **Nomination, Remuneration and Evaluation Policy**

This Nomination, Remuneration and Evaluation Policy (the “Policy”) applies to the Board of Directors (the “Board”), Key Managerial Personnel (the “KMP”) the Senior Management Personnel and Other employees as may be decided by the Nomination and Remuneration Committee of Opto Circuits (India) Limited (the “Company”).

#### **INTRODUCTION**

Pursuant to Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations & Disclosure Requirements), Regulation 2015 (Listing Regulations), the Board of Directors of every listed Company shall constitute a Nomination and Remuneration Committee. The Company has constituted a Nomination and Remuneration Committee as required by the Listing Agreement entered into with the Stock Exchanges and the Companies Act, 2013.

This Committee and the Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 of the Listing Regulations.

**This Policy shall come into effect and shall supersede the existing Nomination and Remuneration Policy with effect from April 01, 2019.**

#### **PURPOSE OF THE POLICY**

The Key Objectives of the Committee are:

- (a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- (b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- (c) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

#### **DEFINITIONS**

**“Board”** means the Board of Directors of the Company.

**“Company”** means “Opto Circuits (India) Limited.”

**“Employees’ Stock Option”** means the option given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers 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 and Regulation 16 of Listing Regulations.

**“Key Managerial Personnel”** or **“KMP”** means Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and the Rules made there under.

(As per Section 203 of the Companies Act, 2013, the following are whole time Key Managerial Personnel:

- (i) Managing Director or Chief Executive Officer or the Manager and in their absence a whole-time Director;
- (ii) Company Secretary; and
- (iii) Chief Financial Officer.)

**“Nomination and Remuneration Committee”** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Regulation 19 of the Listing Regulations.

**“Policy or This Policy”** means, “Nomination and Remuneration Policy.”

**“Remuneration”** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

**“Senior Management”** means personnel/ officers of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.

## INTERPRETATION

Words and expressions used in this Policy shall have the same meanings respectively assigned to them in the following acts, listing agreement, regulations, and rules.

- (i) The Companies Act, 2013 or the rules framed thereon;
- (ii) SEBI (Listing Obligations & Disclosure Requirements), Regulation 2015;
- (iii) Securities Contracts (Regulation) Act, 1956;
- (iv) Securities and Exchange Board of India Act, 1992;
- (v) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018;
- (vi) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (vii) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

## NOMINATION AND REMUNERATION COMMITTEE

### Role of the Committee

- (a) Identifying 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.
- (b) Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- (c) Specify the manner for effective evaluation of performance of Independent Directors, the Board and its committees and other individual directors and further review its implementation and compliance;
- (d) Devising a policy on Board diversity
- (e) Ensuring that the Board comprises of a balanced combination of Executive Directors and Non-Executive Directors;
- (f) All information about the Directors / Managing Directors / Whole time Directors / Key Managerial Personnel i.e., background details, past remuneration, recognition or awards, job profile shall be considered and disclosed to shareholders, where required;
- (g) The Committee shall take into consideration and ensure the compliance of provisions under Schedule V of the Companies Act, 2013 for appointing and fixing remuneration of Managing Directors / Whole-time Directors;
- (h) While approving the remuneration, the Committee shall take into account financial position of the Company, trend in the industry, qualification, experience and past performance of the appointee;
- (i) The Committee shall be in a position to bring about objectivity in determining the remuneration package while striking the balance between the interest of the Company and the shareholders;
- (j) Recommend to the Board, all remuneration, in whatever form, payable to senior management.

### Composition of the Committee

- (a) The Committee shall comprise of at least three (3) Directors, all of whom shall be non-executive Directors and at least half shall be Independent.
- (b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirement.
- (c) Minimum two (2) members or one-third of the members of the Committee, whichever is greater, including at least one independent director in attendance shall constitute the quorum for the Committee meeting from April 01, 2019.
- (d) Membership of the Committee shall be disclosed in the Annual Report.
- (e) Term of the Committee shall be continued unless terminated by the Board of Directors.

### **Chairman of the Committee**

- (a) Chairman of the Committee shall be an Independent Director.
- (b) Chairman of the Company may be appointed as a member of the Committee but shall not Chair the Committee.
- (c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- (d) Chairman of the Nomination and Remuneration Committee shall be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

### **Frequency of the Meetings of the Committee**

The meeting of the Committee shall be held at such regular intervals as may be required but not less than one meeting in a year.

### **Committee Member's Interest**

- (a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- (b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

### **Voting at the Meeting**

- (a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- (b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

### **Minutes of the Meeting**

Proceedings of all meetings must be minuted and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting.

## **APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL**

### **Appointment criteria and qualifications**

- (a) Subject to the applicable provisions of the Companies Act, 2013, the Listing Regulations, other applicable laws, if any and HR Policy, 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.
- (b) The Committee has discretion to decide the adequacy of qualification, expertise and experience for the concerned position and considering the Competency Matrix for the Board members.

The Company shall not appoint or continue the employment of any person as Managing Director / Whole-time Director / Manager 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.

Further, the appointment and/or continuance of the directorship of any person as a non-executive director who has attained the age of seventy-five years can be done only if a special resolution is passed with suitable justification in explanatory statement.

### **Term/ Tenure**

#### **Managing Director / Whole-time Director / Manager (Managerial Personnel)**

The Company shall appoint or re-appoint any person as its Managerial Personnel 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**

(a) 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.

(b) 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.

(c) At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serve 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/ Managing Director of a listed company.

Note: For the above purpose, the count for the number of listed entities on which a person is a director / independent director shall be only those whose equity shares are listed on a stock exchange.

(d) The maximum number of public companies in which a person can be appointed as a director shall not exceed ten out of which not more than 8 may be in Listed companies up to March 31, 2020 and in not more than 7 listed companies from April 01, 2020

For reckoning the limit of public companies in which a person can be appointed as director, directorship in private companies that are either holding or subsidiary company of a public company shall be included.

## **Familiarization Programme for Independent Directors**

The company shall familiarize the Independent Directors with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., through various programmes.

## **Evaluation**

Subject to Schedule IV of the Companies Act, 2013 and Listing Regulations, the Committee shall specify the manner for effective evaluation of performance of Independent Directors, Board, its committees and other individual directors and review its implementation and compliance periodically.

## **Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable laws, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP, subject to the provisions and compliance of the applicable laws, rules and regulations.

## **Retirement**

The Director, KMP and Personnel of Senior Management 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 Director, KMP, Personnel of Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, in the interest and for the benefit of the Company.

## **PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSONNEL, KMP AND SENIOR MANAGEMENT PERSONNEL**

### **General**

(a) The remuneration / compensation / commission etc. to Managerial Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the approval of the shareholders of the Company.

(b) The remuneration and commission to be paid to the Managerial Personnel shall be as per the statutory provisions of the Companies Act, 2013, the rules made there under for the time being in force and the Listing Regulations.

(c) Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Personnel.

(d) Where any insurance is taken by a company on behalf of its Managing Director, Whole-time Director, Manager, Chief Executive Officer, Chief Financial Officer or Company Secretary for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the

company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

## **Remuneration to Managerial Personnel, KMP, Senior Management and Other Employees**

### **Fixed Pay**

Managerial Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force. The break-up of the pay scale and quantum of perquisites shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders.

### **Minimum Remuneration**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Companies Act, 2013.

### **Provisions for excess remuneration**

If any Managerial Personnel 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 approval required under the Act, where required, he / she 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 Company shall not waive recovery of such sum refundable to it unless approved by the Company by special resolution within two years from the date the sum becomes refundable.

The remuneration to Personnel of Senior Management shall be governed by the Listing Regulations and the HR Policy.

The remuneration to other employees shall be governed by the HR Policy.

## **Remuneration to Non-Executive / Independent Director**

### **Remuneration / Commission**

The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013 and the rules made there under, and the Listing Regulations for the time being in force.

### **Sitting Fees**

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount, per meeting of the Board or Committee or such amount as may be prescribed under Companies Act, 2013.

The sitting fee paid to Independent Directors and Women Directors, shall not be less than the sitting fee payable to other directors.

**Limit of Remuneration / Commission**

Remuneration / Commission may be paid within the monetary limit approved by shareholders, subject to the limits of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

**Stock Options**

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

**DISCLOSURES**

The Company shall disclose the Policy on Nomination and Remuneration on its website and the salient features of the policy and changes therein, if any, along with the web address of the policy shall be disclosed in the Board's report.

**AMENDMENT**

Any amendment or modification in the Listing Regulations and any other applicable regulation relating to Nomination and Remuneration Committee shall automatically be applicable to the Company.

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