

“NOMINATION AND REMUNERATION & BOARD DIVERSITY POLICY”

Legal Framework

As per the requirements of Companies Act 2013, the Board of Directors of PTC India Financial Services Limited (“Company”) has constituted a Nomination and Remuneration Committee. The Committee’s role is to be supported by a policy for nomination of Directors and Senior Management Personnel including Key Managerial Personnel as also for remuneration of Directors, Key Managerial Personnel (KMP), Senior Management Personnel and other Employees. Further, a policy on Board Diversity is also to be adopted.

Definitions

For the purpose of this Policy:

- ‘Act’ shall mean the Companies Act, 2013;
- ‘Board’ shall mean the Board of Directors of PTC India Financial Services Limited (PFS);
- ‘Committee’ shall mean the Nomination and Remuneration committee of the Company, constituted and re constituted by the Board from time to time;
- ‘Company’ shall mean PTC India Financial Services Limited (PFS);
- ‘Directors’ shall mean the directors of the Company;
- ‘Independent Director’ shall mean a director referred to in Section 149 (6) of the Companies Act, 2013 and under the Listing Agreement with the Stock Exchanges;
- ‘Other employees’ means, all the employees other than the Directors, KMPs and the Senior Management Personnel.’
- “Key Managerial Personnel” or KMP means key managerial personnel as defined under the Companies Act, 2013 & includes:-
 - i. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-Time Director;
 - ii. Company Secretary; and
 - iii. Chief Financial Officer
 - iv. Such other officer as may be prescribed
- ‘Senior Management Personnel’ means personnel of the company who are members of its core management team excluding Board of Directors, and comprises of all members of management who are in the grade that is one level below the WTD
- ‘Nomination & Remuneration Committee’ means “Nomination & Remuneration Committee” constituted by the Board of Directors of the Company from time to time under the provisions of the Companies Act 2013 and the Listing Agreement with the Stock Exchanges.

OBJECTIVE & PURPOSE

The Nomination & Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read with applicable rules thereto and Clause 49 of the Listing Agreement. The objective and purpose of the Committee would be as follows:

- To guide and assist the Board in laying down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Whole-time and Independent) and persons who may be appointed in Senior Management and Key

Managerial positions and to determine their remuneration through a remuneration policy.

- The Company has adopted a remuneration policy which provides for Performance Related Pay (PRP), a reward linked directly to efforts, performance, dedication and achievement relating to the Company's operations. Apart from the PRP, the annual increases in remuneration have a component of Merit Increase, which is also linked to performance of an individual.

This policy provides the Committee with an overall framework for governance of the remuneration policy of the Company.

- To retain, motivate and promote talent and to ensure long term sustainability for retention of talented managerial persons and create competitive advantage for the Company.
- To guide and assist the Board in laying down ESOP Compensation policy in terms of SEBI Guidelines, as and when decided.
- To guide and assist the Board in clarifying any matter relating to remuneration.

CONSTITUTION

- The Board has determined the membership of the Nomination and Remuneration Committee (hereinafter "the Committee").

The Committee shall elect its Chairman who will be an Independent Director.

NOMINATION & REMOVAL CRITERIA

1 Appointment criteria and qualifications:

1.1 The Committee shall identify and ascertain the criteria like integrity, expertise and experience and qualifications for appointment to the positions of Director, KMP and Senior Management.

1.2 A potential candidate being considered for appointment to a position should possess adequate qualification, expertise and experience for the position. The Committee shall review qualifications, expertise and experience commensurate to the requirement for the positions. The Committee will insist on the highest standards of ethical and moral qualities to be possessed by such persons as are considered eligible for the positions.

1.3 The Committee shall determine the suitability of appointment of a person to the Board of Directors of the Company by ascertaining whether the fit and proper criteria is met by the candidate in the opinion of the Committee.

1.4 The Committee may recommend appropriate induction & training programme for any or all of the appointees.

1.5 The Company shall normally not appoint or continue the employment of any person as Whole Time Director, KMP or Senior Management Personnel who has attained the superannuation age as per the policy of the Company.

1.6 The Committee shall make recommendations to the Board concerning any matters relating to the continuation in office of any director at any time including the suspension or termination of service of a director subject to the provisions of law and the respective service contract.

- 1.7 The Committee shall recommend any necessary changes in the Policy to the Board, from time to time.
- 1.8 The Company should ensure that the person so appointed as Director/ Independent Director, KMP, Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made there under, Listing Agreement or any other enactment for the time being in force.
- 1.9 The Director/ Independent Director/Senior Management Personnel/KMP shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made there under, Listing Agreement or any other enactment for the time being in force.
- 1.10 The company shall familiarize the independent directors with the company, including their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., through various programs.

2 Term / Tenure

2.1 MD & CEO or Managing Director/Whole-time Director (WTD):

The Company shall appoint or re-appoint any person as its MD & CEO or WTD for a term not exceeding five years at a time subject to the age of superannuation. No re-appointment shall be made earlier than one year before the expiry of term of the Director appointed.

2.2 Independent Director shall hold office in accordance with the Company's Policy and subject to the Act.

2.3 The Term/Tenure of the Senior Management Personnel/KMP shall be as per the Company's prevailing policy.

2. Removal

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

3. Retirement / Superannuation

The director, senior management personnel or KMP shall retire / superannuate as per the applicable provisions of the Companies Act, 2013 along with the rules made there under and the prevailing policy of the Company. The Board will have the discretion to retain the director, senior management personnel or KMP in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

4. Diversity on the Board of the Company

The Company aims to enhance the effectiveness of the Board by diversifying its composition and to obtain the benefit out of such diversity in better and improved decision making. In order to ensure that the Company's boardroom has appropriate balance of skills, experience and diversity of perspectives that are imperative for the execution of its business strategy, the Company shall consider a number of factors, including but not limited to skills, industry experience, background, race and gender.

The Policy shall conform to the following two principles for achieving diversity on the Board:

- ⚡ Decisions pertaining to recruitment, promotion and remuneration of the directors will be based on their performance and competence; and
- ⚡ For embracing diversity and being inclusive, best practices to ensure fairness and equality shall be adopted and there shall be zero tolerance for unlawful discrimination and harassment of any sort whatsoever.

In order to ensure a balanced composition of executive, non-executive and independent directors on the Board, the Company shall consider candidates from a wide variety of backgrounds, without discrimination, and based on the following factors:

- Gender- The Company shall not discriminate on the basis of gender in the matter of appointment of directors on the Board. The Company encourages the appointment of women at senior executive levels to achieve a balanced representation on the Board. As per the provisions of the Companies Act, 2013, the Company shall at all times have at least one woman director on the Board. Any vacancy of the woman director shall be filled within a period of six months.
- Ethnicity - The Company shall promote having a boardroom comprising of people from all ethnic backgrounds so that the directors may efficiently contribute their thorough knowledge, sources and understanding for the benefit of Company's business;
- Physical disability - The Company shall not discriminate on the basis of any immaterial physical disability of a candidate for appointment on the Company's Board, if he/she is able to efficiently discharge the assigned duties.
- Educational qualification- The Directors of the Company shall have a mix of finance, engineering, legal and management background, so that they collectively provide the Company with considerable experience in a range of activities including varied industries, education, policy and investment.

3 Remuneration

The level and composition of remuneration to be paid to the MD & CEO, Whole-Time Director(s), KMPs, Senior Management Personnel and other employees shall be reasonable and sufficient to attract, retain and motivate directors, KMPs, Senior Management and other employees of the company. The relationship of remuneration to performance should be clear and should encourage meeting of appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive / performance related pay

reflecting achievement of short and long-term performance objectives appropriate to the working of the company and meeting its goals.

i. MD & CEO/ WTD

Besides the above Criteria, the Remuneration/ Compensation/ Commission / PRP / Bonus etc. to be paid to MD & CEO/ WTD shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force as also by Company policy.

ii. Non-Executive Directors/ Independent Directors

The Non-Executive / Independent Directors may receive sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of fees shall be such as determined by the Board of Directors from time to time.

iii. Senior Management Personnel / KMPs

The Remuneration to be paid to Senior Management Personnel / KMPs shall be based on the remuneration policy of the Company and the experience, qualification and expertise of the related personnel and shall be decided by the MD & CEO (for KMPs other than those who are at the WTD / Board level) of the Company as per the internal process in consonance with the limits, if any, prescribed under the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

iv. Other Employees

The power to decide structure of remuneration for other employees has been designed in the Remuneration policy and implementation of the same is to be ensured by MD & CEO of the Company or any other personnel that the MD & CEO may deem fit to delegate.

DISCLOSURE OF THIS POLICY

This Nomination & Remuneration policy shall be disclosed in the Board's report as required under the Companies Act, 2013 and in the Listing Agreement.

REVIEW

The Committee may assess the adequacy of this Policy and make any necessary or desirable amendments from time to time to ensure it remains consistent with the Board's objectives, current laws and best practices.

Letter to be sent to Independent Directors after shareholders approval (required modifications will be made for future appointments)

_____, 2014

Dear Mr. _____

On behalf of the Board of Directors of PTC India Financial Services Limited (PFS), I would like to express my gratitude to you for your valuable services as an Independent member of the Board. Your contributions have been significant and valued.

The purpose of this letter is to inform you about the new provisions related to independent directors, introduced under the new Company law in India i.e. Companies Act, 2013. The Companies Act, 2013 has specifically defined the roles, duties, liabilities and the manner of appointment of the Independent Directors (IDs) on the board and various committees of the Company.

You have already been a member of the Board since....., and have been performing your expected role. However, in fulfillment of the requirements of the new law, we are issuing this formal appointment letter to you. This letter will set out the terms of your appointment and your roles, duties, responsibilities and liability as an independent director on the board of PTC India Financial Services Limited.

Kindly return the duplicate copy of this letter, and the annexed Terms of Appointment, duly signed by you for our records.

We look forward to your continued support and guidance

Yours sincerely

For PTC India Financial Services Limited

MD & CEO, PFS

Terms of Appointment as Independent Director

On behalf of the Company I write to inform about your appointment as an independent Non-Executive director of PTC India Financial Services Limited (PFS) as per the provisions of the Companies Act, 2013:

1. TERM OF OFFICE

You have been appointed as an Independent member of the Board in PFS's AGM/EGM / vide shareholders' approval dated ---- upto -----/. You shall not be liable to retire by rotation as per the relevant provisions of the Companies Act, 2013 and the Listing agreement.

Your appointment is subject to the provisions of Companies Act, 2013 regarding appointment, fees, expenses, retirement, cessation, disqualification and removal of directors.

2. COMMITMENTS

A) Independent Director

You will be expected to devote such time as is necessary for the proper performance of your duties and as an independent member of the Board, you will be involved in meetings of the Board and its various Committees from time to time. You would strive to attend all the scheduled Board meetings, General Meetings; meetings of the Board Committee(s) and other meetings or attendance as necessary.

By accepting this appointment, you confirm that you would be able to allocate sufficient time to meet the expectations of your role and do such work as may be required by the Company under the Companies Act, 2013 and listing agreement as may be applicable.

B) The Company

- The Company shall provide you with adequate notice of the dates of proposed Board meeting, general meetings, and meetings of Board committee(s). As per the provision of the Companies Act, 2013 the company is expected to give you an advance notice of minimum 7 days of every meeting of the Board and its Committee(s). A meeting of the Board may be called at shorter notice to transact urgent business subject to the condition that at least one independent director shall be present at the meeting and in case of absence of independent directors from such a meeting of the Board, decisions taken at such a meeting shall be circulated to all the directors and shall be final only on ratification thereof by at least one independent director. The Company will prefer to send information/ papers through email. The agenda of the Board/ Committee meetings shall be sent by email / hard copy well in time.
- Company shall establish an effective whistle blower mechanism so that the directors can raise their concerns

3. CODE OF CONDUCT, FUNCTIONS AND DUTIES

As a Director of PFS, you will have legal duties and obligations under Companies Act, 2013.

You will be expected to perform your duties, whether statutory, fiduciary or common law, faithfully, efficiently and diligently to a standard commensurate with both the functions of your role and your knowledge, skills and experience and it is expected that you will familiarize yourself with the relevant Directors' Duties, roles and responsibilities. You will have all the usual duties of an independent director under Company law and applicable listing agreement of the NSE and BSE, including attendance at board meetings, the annual general meeting, meetings of independent directors, meetings with investors and shareholders and other Board events such as site visits, together with such additional duties as may be agreed with the Board, and which may relate to the business of the Company. You will be required to serve on such committee(s) as the Board may request, including but not limited to Audit, and/or Nomination and Remuneration and/or Stakeholders Relationship and/ or Corporate Social Responsibility Committee/ Group of Directors. In addition, you will be expected to devote appropriate preparation and travel time ahead of each meeting.

4. LIABILITY

As an independent director you will be liable only in respect of such acts of omission or commission by a company which may have occurred with your knowledge, attributable through Board processes, and with your consent, or where you had not acted diligently.

5. TECHNOLOGY

Being a Director, you may make use of video, telephone, electronic mail, any other technology which permits each Director to communicate with every other Director, or any combination of these technologies for the purpose of calling and holding Directors' meetings.

You may attend the board or committee meetings through video conferencing or other audio visual means subject to the applicable provisions of the Companies Act, 2013.

6. CONFLICT OF INTEREST

By accepting this appointment it will be deemed that you have confirmed that any other position you hold including your directorships in other organizations, shall not give rise to any conflicts of interest in relation to your appointment as an Independent Director of the Company. Should you become aware of any conflict or potential conflict during your appointment, you are expected to notify the Company Secretary.

7. DISCLOSURES

You shall be required to submit certain information in the prescribed forms on a defined periodicity. Company Secretary shall be the coordinating officer for this.

You are required to disclose to the Company your interests and any matters (excluding those matters which may be subject to legal or professional privilege) which affect your independence.

During your tenure as an independent director you are required to give a declaration that you meet the criteria of independence every financial year as provided under Section 149 of the Companies Act, 2013.

8. DIRECTORS' FEES

You shall be paid such sitting fee as may be decided by the Board from time to time for attending the Board as well as the Committee meetings, as per the provision of Section 197 of the Companies Act, 2013 and as mandated by the Articles of Association of the Company. Local conveyance expenses per day are also payable as may be decided by the Board from time to time. The Company shall reimburse you all traveling, hotel, and other incidental expenses reasonably incurred by you in the performance of duties as per provisions of the Companies Act, 2013 in conjunction with the Company's rules and policies.

As an independent director you shall not be entitled to any stock option and shall not be covered by any pension scheme of the Company.

9. REVIEW

The performance of individual directors, the whole Board and its committees is evaluated annually. If, in the interim, there are any matters which cause you concern about your role you should discuss them with the Chief executive officer or other senior independent director(s) as soon as you can.

12. CODE FOR INDEPENDENT DIRECTORS, CODE OF ETHICS AND CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING FOR EMPLOYEES, INCLUDING DIRECTORS

You are required to abide by the Code for Independent Directors, Code of Ethics and Code of Conduct for Prevention of Insider Trading for Employees, including Directors, as issued by the Company.

13. Familiarization Programme for Independent Directors

The Company shall conduct suitable program(s) for familiarizing you with the Company; the nature of its industry, and business model of the company and also your roles, rights, and responsibilities vis-à-vis the Company.

14. CONFIDENTIALITY AND ACCESS TO COMPANY RECORDS

Under Company law, Directors have a right of access to a company's documents and records, including financial records.

Any confidential information which may come to your knowledge in the performance of your duties as a director of the Company must not be divulged.

15. APPLICABLE LAW

This letter of appointment shall be governed by the laws of India.

Kindly confirm your agreement to the terms set out above by signing the endorsement on the enclosed copy of these Terms of Appointment. Please return the duplicate copy to us at the above address. In returning this letter duly signed, you agree that the Company may make this letter publicly available.

Yours sincerely,

I have read and agree to the above terms regarding my appointment as an independent non-executive Director

(Name)

(Date)

(Place)

Power, duties and responsibilities of an Independent Director

A. PROFESSIONAL CONDUCT

As an Independent director of the Company, you shall:

- a) uphold ethical standards of integrity and probity;
- b) act objectively and constructively while exercising your duties;
- c) exercise your responsibilities in a bona fide manner in the interest of the Company;
- d) devote sufficient time and attention to your professional obligations for informed and balanced decision making;
- e) not allow any extraneous considerations that will vitiate the exercise of objective Independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- f) not abuse your position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- g) refrain from any action that would lead to loss of your independence;
- h) immediately inform the Board where circumstances arise which make you lose your independence as an Independent Director;
- i) assist the Company in implementing the best corporate governance practices

B. ROLE AND FUNCTIONS

As an Independent director of the Company, you shall:

- a) help in bringing Independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- b) bring an objective view in the evaluation of the performance of the board and management;
- c) scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- d) satisfy yourself on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- e) safeguard the interests of all stakeholders, particularly the minority shareholders;
- f) balance any conflicting interest of the stakeholders;
- g) determine appropriate levels of remuneration of MD & CEO/WTD, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of MD & CEO/WTD, key managerial personnel and senior management;
- h) moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholders' interest.

C. DUTIES

As an Independent director of the Company, you shall:

- a) undertake appropriate induction and regularly update and refresh your skills, knowledge and familiarity with the Company;
- b) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company;
- c) strive to attend all meetings of the Board of Directors and of the Board committees of which you are a member;
- d) participate constructively and actively in the committees of the Board in which you are a chairperson or a member;
- e) strive to attend the general meetings of the Company;
- f) ensure that your concerns about the running of the Company or a proposed action are addressed by the Board and, to the extent that they are not resolved, insist that your concerns are recorded in the minutes of the Board meeting;
- g) keep yourself well informed about the Company and the external environment in which it operates;
- h) not unfairly obstruct the functioning of an otherwise proper meeting of the Board or a committee of the Board;
- i) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure yourself that the same are in the interest of the Company;
- j) ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- k) report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
- l) acting within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- m) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.