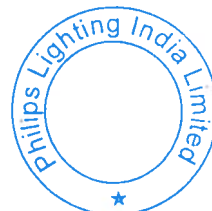


PHILIPS LIGHTING INDIA LIMITED

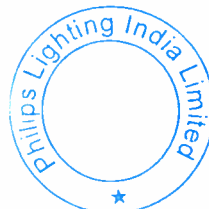
Nomination and Remuneration Policy

00	First issue approved	18 th August, 2016
01	First amendment approved	29 th June, 2018



Nomination and Remuneration Policy

S.No.	Index	Page No.
1.	Definitions	3
2.	Applicability	3
3.	Composition	4
4.	Quorum & Frequency of Meetings	4
5.	Invitees to meetings	4
6.	Minutes of meetings and approval	4
7.	Objective	4
8.	Policy for Appointment and Removal of Directors, KMP and Senior Management	5
9.	Policy for Remuneration to Directors/KMP/Senior Management Personnel	7
10.	Disclosure	8
11.	Duties of the Committee	8
12.	Sitting Fees	8
13.	Amendment	8



PREAMBLE

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel and employees of the company, to harmonize the aspirations of human resources consistent with the goals of the company and in terms of the provisions of Section 178 of the Companies Act, 2013 read along with applicable rules thereto a Policy, relating to the remuneration for the directors, key managerial personnel and other employees criteria for determining qualifications, positive attributes and independence of a director (referred to as the **Policy**).

This Policy aims to attract, motivate & retain manpower in a competitive and global markets scenario.

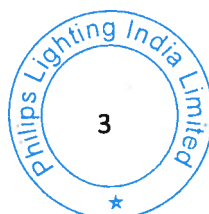
I. DEFINITIONS

- 2.1 **"Act"** means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
- 2.2 **"Board or Board of Directors"** means the Board of Directors of Philips Lighting India Limited, as constituted from time to time.
- 2.3 **"Committee"** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act.
- 2.4 **"Company"** means **Philips Lighting India Limited**
- 2.5 **"Directors"** means members of Board of Directors of the Company.
- 2.6 **"Independent Director"** means a Director referred to in sub section 6 of section 149 of the Companies Act, 2013, as amended from time to time.).
- 2.7 **"Key Managerial Personnel (KMP)"** shall means the Key Managerial Personnel as defined in sub clause 51 of clause 2 of the Act, as amended from time to time.
- 2.8 **"Other employees"** means, all employees other than the Directors, KMPs and the Senior Management Personnel.
- 2.9 **"Policy"** means the Nomination and Remuneration Policy.
- 2.10 **"Senior Management"** means the 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.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

2. APPLICABILITY

- i. Directors (Executive and Non-Executive)
- ii. Key Managerial Personnel
- iii. Senior Management Personnel



3. COMPOSITION

- i. The Nomination & Remuneration Committee shall comprise of at least three or more non-executive directors out of which not less than one-half are independent directors;
- ii. The Chairman of the Committee is an Independent Director.
- iii. The Chairperson of the Company (whether executive or nonexecutive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee;
- iv. The Company Secretary shall act as Secretary to the Committee.
- v. The Board of Directors shall review and refresh membership of the Committee from time to time, as required, and re-constitute the committee through appropriate resolution.

4. QUORUM AND FREQUENCY OF MEETINGS

The quorum necessary for transacting business at a meeting of the Committee shall be two members or one-third of the members of the Nomination & Remuneration Committee; whichever is greater.

The Nomination & Remuneration Committee shall meet at regular intervals, as and when required.

5. INVITEES TO MEETINGS

The Nomination & Remuneration Committee may invite such executive(s)/person(s) as it considers appropriate to be in present in the meeting.

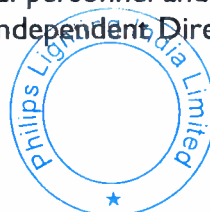
6. MINUTES OF THE MEETING AND APPROVAL

The Company Secretary shall send notices of meetings to all members of Committee and record minutes of the Meeting. The minutes of each meeting of Committee shall be drafted and circulated to members of the Committee, within 15 days from conclusion of the meeting, for consideration and concurrence. The observations/suggestions made by members, if any, shall be incorporated. The finalised minutes shall be put up for noting at the next meeting and signed by Chairman of such Meeting at any time before the next Meeting is held or by the Chairman of the next Meeting at the next Meeting.

7. OBJECTIVE

The Key Objectives of the Committee would be:

- i. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- ii. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
- iii. Formulation of criteria for evaluation of Independent Director and the Board.



Nomination and Remuneration Policy

- iv. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- v. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- vi. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- vii. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- viii. To develop a succession plan for the Senior Management and KMPs and to regularly review the plan.
- ix. HR Strategy review in line with business strategy.
- x. Talent review- Top level talent identification and their retention.
- xi. Key leadership development plans and succession plan for key positions.
- xii. To assist the Board in fulfilling responsibilities.
- xiii. To Implement and monitor policies and processes regarding principles of corporate governance.

8. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

8.1 Appointment Criteria and Qualifications

The Committee shall identify and ascertain the ethical standards of integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.

- a) A person should possess adequate qualification, expertise and experience for the position he / she is 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.
- b) The Company shall not appoint or continue the employment of any person as Whole-time Director 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.
- c) The Committee should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Act, rules made thereunder read with relevant Schedule appended to the Act or any other enactment for the time being in force.
- d) The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Act, rules made thereunder read with relevant Schedule appended to the Act or any other enactment for the time being in force.



Nomination and Remuneration Policy

The other employees shall be appointed and removed as per the policy and procedure of the Company.

8.2 Term / Tenure

a) Managing Director/Whole-time Director/ Manager:

The Company shall appoint or re-appoint any person as its Managing Director or Executive Director or Manager 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.

Note- Company cannot appoint or employ at the same time a Managing Director and a Manager.

b) Independent Director:

- (i) 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.
- (ii) Independent Director shall not 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 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.

- (iii) At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves as an Independent Director restricted to seven in listed companies and three in case such independent directors serves as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

8.3 Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly). The Policy of Evaluation of Board of Directors including evaluation forms as required under provisions of Act i.e. Executive/Non-Executive Directors, Independent Directors, Chairman etc. shall be decided by the Committee/Board from time to time.

8.4 Removal

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



Nomination and Remuneration Policy

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.

The removal of KMP's, Senior Management Personnel or other employees shall be as per the Company's prevailing Human resource policy.

8.5 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.

9. POLICY FOR REMUNERATION TO DIRECTORS/ KMP/ SENIOR MANAGEMENT PERSONNEL

The level and composition of remuneration to be paid to the Managing Director, Whole-Time Director(s), Non-Executive Director(s), KMP's, Senior Management Personnel and other employees shall be reasonable and sufficient to attract, retain and motivate directors, KMP's, Senior Management and other employees of the quality required to run the Company successfully. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

9.1 Remuneration Criteria

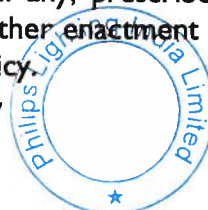
The Policy is largely based on industry benchmarks, the Company's performance vis-à-vis the industry, peer group comparison, factors like inflation rate in the country and performance of the employees.

There are various factors to ascertain the remuneration of Whole time Directors, Key Managerial personnel and other Senior Executives, which are highlighted here below:

- a) Qualification
- b) Experience
- c) Potential

9.2 Remuneration to Managing Director, Whole Time Director, KMP and Senior Management Personnel

The Remuneration to be paid to Managing Director/ Whole Time Director/ KMP/ Senior Management Personnel shall be based on the experience, qualification and expertise of the related personnel and shall be decided by the Board of Directors of the Company 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 or Company's prevailing Human resource policy.



9.3 Remuneration to Non- Executive / Independent Director:

The Non-Executive Independent Director may receive remuneration by way of commission/compensation/sitting fee as per the provisions of Companies Act, 2013. The amount of such fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. In addition, the Independent Directors shall not be entitled to stock options.

9.4 Remuneration to Employees (not covered above)

The remuneration to other employees, which are not covered in the clauses above, shall be as per the HR Policy of the Company (including any amendment from time to time).

10. DISCLOSURES

The Policy shall be disclosed in the Board's report of the Company.

11. DUTIES OF THE COMMITTEE

The Committee shall ensure that all the objectives, enumerated in the Policy for appointment and removal of director, KMPs and senior management members of the Committee and their remuneration, be followed and duly implemented.

12. SITTING FEES

The members of the Committee shall be paid sitting fees for every Nomination & Remuneration Committee meeting attended. The sitting fees shall be such as is approved by the Board from time to time in accordance with the provisions of the Companies Act, 2013.

13. AMENDMENTS

The terms of reference of the Committee may be amended by a resolution passed by the Board of Directors of the company from time to time.

Certified to be true
For **PHILIPS LIGHTING INDIA LIMITED**


NITIN MITTAL
Head of Legal & Company Secretary
FCS-7044

