



apcotex industries limited

Nomination and Remuneration Policy

Terms of Reference:

The terms of reference of the Nomination & Remuneration Committee (NRC), inter alia, consists of reviewing overall compensation policy, service agreements, performance incentive and other employment conditions of Managing Director / Whole-Time Director, Key Managerial Personnel (KMP's) and Senior Management personnel. The recommendations of the NRC are considered and approved by the Board of Directors, subject to the approval of the shareholders, wherever necessary.

Guiding principles:

The guiding principle is that the remuneration and the other terms of employment shall be competitive in order to ensure that the Company can attract and retain competent executives.

The remuneration policy reflects the overriding remuneration philosophy and principles of the **apcotex industries limited**. When determining the remuneration policy and arrangements for Whole-time / Managing Director(s) / Key Managerial Persons (KMP), Senior Management Personnel (SMP), the NRC considers, pay and employment conditions with peers/elsewhere in the competitive market to ensure that pay structures are appropriately aligned and those levels of remuneration remain appropriate in this context.

The Committee while designing the remuneration package considers the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the company successfully.

The NRC while considering a remuneration package must ensure a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

The Committee considers that a successful remuneration policy must ensure that a significant part of the remuneration package is linked to the achievement of corporate performance targets and a strong alignment of interest with stakeholders.



1. **OBJECTIVE:**

The Key Objectives of the Committee would be:

- a) ensure compliance of the applicable provisions with Section 178 of the Companies Act, 2013 and Clause 49 under the Listing Agreement entered into with the Stock Exchanges (as amended or re-enacted from time to time) relating to Nomination and Remuneration of Directors, Key Management Personnel (KMP) and Senior Management Personnel (SMP)
- b) to recommend the Board in relation to appointment and removal of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP).
- c) to evaluate performance and recommend remuneration of the Directors, KMP and SMP.

2. **DEFINITIONS:**

- (a) Managing Director (MD) / Whole-Time Director means a director, appointed by the Board of Director by virtue of the Articles of the Company under an agreement which has been approved by the members in the general meeting and is entrusted with substantial power of management of the affairs of the Company. Chief Executive Officer (CEO) means a person appointed by the Board of Directors to head a particular division or entire company.
- (b) Non-Executive Directors (NED) in relation to the Company means a member of the Board of Directors who is not in the employment of the Company.
- (c) Independent Director (ID) in relation to the Company shall have the same meaning as defined under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.
- (d) **Key Managerial Personnel (KMP) (Section 203):** Key Managerial Personnel means:
 - (i) Chief Executive Officer or the Managing Director or Whole-time Director;
 - (ii) Company Secretary,
 - (iii) Chief Financial Officer; and
 - (iv) such other officer as may be prescribed.



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(e) Senior Management Personnel (SMP): Senior Management Personnel means personnel of the company who are members of its core management team excluding the Board of Directors. The core management team consists of:

- (i) Vice President(s)

3. ROLE OF COMMITTEE (Section 178 & Clause 49 IV B of Listing Agreement):

The role of the Committee inter alia will be the following:

- a) to formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- b) to recommend to the Board the appointment and removal of KMP and SMP.
- c) to carry out evaluation of Director's performance and recommend to the Board appointment/removal based on his/her performance.
- d) to recommend to the Board on (i) policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management and (ii) Managing Directors remuneration and incentive.
- e) to ensure Board Diversity through Board members who come from various different fields e.g. Accounts, Finance, Technical, Legal, Business, etc.

4. MEMBERSHIP (Section 178 and Clause 49 IV A of Listing Agreement):

The Committee shall:

- a) Consist of a minimum 3 Non-Executive directors, majority of them shall be Independent Directors.
- b) Minimum two (2) members shall constitute a quorum for the Committee meeting.
- c) Chairman of the Company can be the member of the NRC.
- 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.



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5. CHAIRMAN (Section 178 and Clause 49 IV A of Listing Agreement):

- a) Chairman of the Committee shall be an Independent Director.
- b) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- c) Chairman of the NRC meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

6. FREQUENCY OF MEETINGS:

The meeting of the Committee shall be held at such regular intervals as may be required.

7. COMMITTEE MEMBERS' INTERESTS:

- 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.

8. SECRETARY:

The Company Secretary of the Company shall act as Secretary of the Committee.

9. VOTING:

- 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.

10. MINUTES OF COMMITTEE MEETING:

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

11. Disclosure of Information:

The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.