

# APM INDUSTRIES LIMITED

## NOMINATION AND REMUNERATION POLICY

### 1. 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 the Companies Act, 2013 and the Listing Agreement with the stock exchanges (as amended from time to time), this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management has been formulated by the Nomination and Remuneration/Compensation Committee ("NRC") and approved by the Board of Directors of the Company.

### 2. DEFINITIONS

- 2.1. Act means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 2.2. Board means Board of Directors of the company.
- 2.3. Directors mean Directors of the company.
- 2.4. Key Managerial Personnel means:
  - 2.4.1. Chief Executive Officer or the Managing Director;
  - 2.4.2. Whole-time director;
  - 2.4.3. Chief Financial Officer;
  - 2.4.4. Company Secretary; and
  - 2.4.5. Such other officer as may be prescribed.
- 2.5. Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors but including Functional Heads.
- 2.6. Listing agreement shall mean an agreement that is entered into between a recognised stock exchange and an entity, on the application of that entity to the recognised stock exchange, undertaking to comply with conditions for listing of designated securities.

### 3. GUIDING PRINCIPLES

The Nomination and Remuneration Committee and this policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19(4) under the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015.

### 4. ROLE OF THE COMMITTEE

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

- a. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- b. formulation of criteria for evaluation of performance of independent directors and the board of directors;
- c. devising a policy on diversity of board of directors;
- d. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
- e. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

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### 5. CONSTITUTION OF COMMITTEE

The Board of Directors of the Company (the Board) shall constitute the committee to be known as the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half are independent directors. The Chairman of the Committee is an Independent Director. However, the chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.

### 6. FREQUENCY OF MEETING

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

### COMMITTEE MEMBERS' INTERESTS

- 6.1. 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.
- 6.2. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

### 7. SECRETARY

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

### 8. BOARD DIVERSITY

The Board should consist of minimum three Directors and maximum fifteen Directors. Provided that Company may appoint more than fifteen Directors after passing a Special resolution.

The Board shall consist of such number of Directors, including atleast one women Director and not less than fifty percent of the Board of Directors comprising non-executive directors, as is necessary to effectively manage the Company of its size.

Where the chairperson of the board of directors is a non-executive director, at least one-third of the board of directors shall comprise of independent directors and where the listed entity does not have a regular non-executive chairperson, at least half of the board of directors shall comprise of independent directors.

Provided that where the regular non-executive chairperson is a promoter of the listed entity or is related to any promoter or person occupying management positions at the level of board of director or at one level below the board of directors, at least half of the board of directors of the listed entity shall consist of independent directors.

The Committee will lead the process for Board appointments. All Board appointments will be based on the skills, diverse experience, independence and knowledge which the Board as a whole requires to be effective. The Board may consider diversifying its existing structure by appointment of experts from various specialized fields such as finance, law, information technology, corporate strategy, marketing and business development, international business, operations management etc. so as to bring diversified skill sets on board or succeed any outgoing director with the same expertise.

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

#### 9.1. Appointment Criteria and Qualifications

- a) 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) 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 are sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who is below the age of 21 years or 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.

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- d) No person, shall be appointed as a Director who hold office as a director, including any alternate directorship, in more than twenty companies at the same time: Provided that the maximum number of public companies in which a person can be Appointed as a director shall not exceed ten.

### 9.2. Term / Tenure

- a) **Managing Director/Whole-time Director:** The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director 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.
- 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 on passing of a special resolution by the Company and disclosure of such appointment 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 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.

At the time of appointment of 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.

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

## 10. DIRECTORS' REMUNERATION

### 10.1. Remuneration to Managing/Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

The Remuneration/ Compensation/ Commission etc. to be paid to Director / Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force. While deciding the remuneration of Managing Director and Whole-time Directors, the Nomination and Remuneration Committee and the Board should consider pay and employment conditions in the industry and merit and seniority of the person.

The term of office and remuneration of whole time directors are subject to approval of the Board of Directors, shareholders and the limit laid down under the Companies Act, 2013 from time to time.

### 10.2. Remuneration to Non- Executive / Independent Director:

The Non-Executive Independent Director may receive remuneration / compensation / commission as per the provisions of Companies Act, 2013. The amount of sitting 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.

## 11. KEY MANAGERIAL PERSONNEL & SENIOR MANAGEMENT

Appointment of KMP and senior management and their cessation of the service are subject to the approval of the Nomination and Remuneration Committee and Board of Directors. Remuneration of KMP and senior management is decided by the Managing Director on the recommendation by the Whole Time Directors / Executive Directors concerned.

## 12. REMOVAL

Due to reasons for any disqualifications mentioned in the Act or under any other applicable Act, rules and regulations there under, or any other reasons, 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.

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13. **RETIREMENT**

The Directors, 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 in 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.

14. **DISCLOSURE OF INFORMATION**

The information of remuneration may be disclosed in the Company's annual financial statements as per statutory requirements.

15. **REVIEW AND AMENDMENT**

- i) The NRC or the Board may review the Policy as and when it deems necessary.
- ii) This Policy may be amended or substituted by the NRC or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.