



## **APL APOLLO TUBES LIMITED**

### **NOMINATION AND REMUNERATION POLICY**

The Nomination & Remuneration Policy ("Policy") of APL Apollo Tubes Limited ("APL" or "Company") is formulated under the requirements of applicable laws, including the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("Listing Regulations"). The Policy is intended to set out criteria to pay remuneration to the Directors, Key Managerial Personnel (KMP), senior management of the Company.

#### **1. Policies for appointment and removal of Directors, Key Managerial Personnel and Senior Management**

##### **1.1 Appointment Criteria and Qualifications of Directors:**

- 1.1.1 The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director and recommend to the Board his / her appointment.
- 1.1.2 The Committee shall with the approval of Board define a chart or a matrix setting out the appropriate and core skills, experience and knowledge, which a person shall possess for the purpose of appointment as the Director of the Company. The details of such skill/experience/competency shall be disclosed in the Annual Report of the Company.
- 1.1.3 The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years.
- 1.1.4 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 the age bar in place.
- 1.1.5 The Company shall not appoint any person as Non-Executive Director who has attained the age of seventy four years provided prior approval of shareholders is obtained for such appointment
- 1.1.6 Other criteria and qualifications are follows:
  - 1) Persons of eminence, standing and knowledge with significant achievements in business, professions and/or public service.
  - 2) Their financial or business literacy/skills.
  - 3) Their steel tubes and pipes /heavy engineering/infrastructure industry experience.
  - 4) Appropriate other qualification/experience to meet the objectives of the Company.

5) As per the applicable provisions of Companies Act 2013, Rules made thereunder and Listing Regulations.

The Nomination and Remuneration Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate(s).

## **1.2 Criteria for appointment of KMP(s) /Senior Management:**

“Senior management” shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise 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.

Following criteria’s must be considered for the purpose of appointment of individual as part of KMP(s)/Senior Management

- 1.2.1 To possess the required qualifications, experience, skills & expertise to effectively discharge their duties and responsibilities in the functional area, where the appointment is made.
- 1.2.2 To practice and encourage professionalism and transparent working environment.
- 1.2.3 To build teams and carry the team members along for achieving the goals/objectives and corporate mission.
- 1.2.4 To adhere strictly to code of conduct.

## **1.3 Term/Tenure:**

### **1.3.1 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.

### **1.3.2 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, 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.

## **1.4 Evaluation**

Following are the Criteria for evaluation of performance of Independent Directors and the Board:

### **1.4.1 Executive Directors**

The Executive Directors shall be evaluated on the basis of targets / criteria given to executive directors by the board from time to time.

### **1.4.2 Non-Executive Director**

The Non-Executive Directors shall be evaluated on the basis of the following criteria i.e. whether they:

- (a) act objectively and constructively while exercising their duties;
- (b) exercise their responsibilities in a bona fide manner in the interest of the Company.
- (c) devote sufficient time and attention to their professional obligations for informed and balanced decision making
- (d) do not abuse their 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
- (e) refrain from any action that would lead to loss of his independence
- (f) inform the Board immediately when they lose their independence,
- (g) assist the Company in implementing the best corporate governance practices.
- (h) strive to attend all meetings of the Board of Directors and the Committees;
- (i) participate constructively and actively in the committees of the Board in which they are chairpersons or members
- (j) strive to attend the general meetings of the company;
- (k) keep themselves well informed about the company and the external environment in which it operates;
- (l) do not unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (m) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.
- (n) abide by Company's Memorandum and Articles of Association, company's policies and procedures including code of conduct, insider trading guidelines etc.
- (o) actively takes initiative with respect to various areas
- (p) able to function as an effective team- member
- (q) has sufficient understanding and knowledge of the Company and the sector in which it operates
- (r) Whether person is independent from the entity and the other directors and there if no conflict of interest
- (s) Whether the person exercises his/ her own judgement and voices opinion freely

## **1.5 Removal**

The Committee may recommend, to the Board removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations in the following cases:

- i. Where the person involved is acting against the interest of the Company
- ii. Where the person involved is in breach of code of conduct of the Company

iii. For any other reasons , as the Committee may feel just

## **1.6 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.

### **1.7 Constitution of the Nomination and Remuneration Committee:**

The Board has the power to constitute/ reconstitute the Committee from time to time in order to make it consistent with the Company's policy and applicable statutory requirement.

## **2. Positive attributes of Directors (including Independent Directors):**

Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.

- 2.1 Actively update their knowledge and skills with the latest developments in the railway/heavy engineering/infrastructure industry, market conditions and applicable legal provisions.
- 2.2 Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities.
- 2.3 To assist 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.
- 2.4 Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.
- 2.5 To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees.
- 2.6 Independent Directors to meet the requirements of the Companies Act, 2013 read with the Rules made there under and Listing Regulations as amended from time to time.

## **3. Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel**

### **3.1 General:**

- 3.1.1 The remuneration / compensation / commission etc. to the Managing Director and Whole-time Director, KMP and Senior Management 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 and Central Government, wherever required.
- 3.1.2 The remuneration and commission to be paid to the Managing Director and Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of

Association of the Company and as per the provisions of the Act and limits prescribed under the Listing Regulations for necessary approvals.

3.1.3 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 Managing Director and Whole-time Director.

3.1.4 Where any insurance is taken by the Company on behalf of its Managing Director , Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

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

The Committee will recommend the remuneration to be paid to the Managing Director, Whole-time Director, KMP and Senior Management Personnel to the Board for their approval.

The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel and Senior Management 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:

#### **3.2.1. Director/ Managing Director**

Besides the above Criteria, the Remuneration/ compensation/ commission etc to be paid to Managing Director/Whole-Time Director etc., 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 along with the Listing Regulations..

#### **3.2.2. Non-Executive Directors**

The Non-Executive Director may receive remuneration by way of sitting fees of Rs. 1,00,000 for attending meetings of Board and Rs 50,000 for attending the Meetings of Committee, at the discretion of the Board. The amount of such fees is within the ceiling/ limits as provided under Companies Act, 2013 and rules made thereunder and other enactment for the time being in force. Fees other than sitting fess in the form of commission/compensation will not be paid.

In case remuneration payable to a non-executive director is more than 50% of the total remuneration payable to all non-executive directors, the Company will be required to obtain shareholders approval via special resolution.

### **3.2.3. KMPs / Senior Management Personnel etc**

The Remuneration to be paid to KMPs/ Senior Management Personnel shall be based on the experience, qualification and expertise of the related personnel and governed by the limits, if any prescribed under the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force. The remuneration of Senior Management Personnel shall be recommended by the Committee

### **3.3 Directors and Officers' Insurance**

Where any insurance is taken by the Company on behalf of its Directors, KMPs/ Senior Management Personnel etc. for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

### **3.4 Stock Options:**

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

## **4. Policy on Board diversity:**

The Board of Directors shall have the optimum combination of Directors from the different areas/fields like production, Management, Quality Assurance, Finance, Sales and Marketing, Supply chain, Research and Development, Human Resources etc or as may be considered appropriate.

The Board shall have at least one Board member who has accounting or related financial management expertise and at least three members who are financially literate.

## **5. Succession planning**

Succession planning involves an assessment of the challenges and opportunities facing the Company, and an evaluation of the skills and expertise that will be needed in the future.

Both executive and non-executive requirements shall be considered. The committee shall satisfy itself that processes and plans are in place for orderly succession for appointments to the Board and to Senior Management to maintain an appropriate balance of skills in the Company.

In addition, the annual appraisal assessment process for all the employees including the senior management personnel shall have succession planning and employee progression as one of the key attributes.

It is the responsibility of the superiors to identify the succession path and suggest the training and development of skill necessary for the Company executives or suggest new recruitment wherever gaps exist.

## **6. Board Evaluation**

The performance of the Board as a whole, of its committees, and of its members shall be evaluated at least once a year keeping in view the objectives of the Company.

It is the responsibility of the Chairman who shall be supported by the Company Secretary to organize the evaluation process and act on its outcome.