

## **AMD Industries Limited**

### **NOMINATION AND REMUNERATION POLICY**

#### **Introduction:**

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 (KMP) 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 as amended from time to time this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors.

#### **Scope of the Policy**

The remuneration policy ("Policy") applies to the Employees of AMD Industries Limited.

- ensure that the Remuneration is properly monitored, and

#### **Purpose and objectives of the Policy**

The objectives of the Policy are to:

- set out the principles governing the Company's Remuneration systems in organizational guidelines.
  - ✓ To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
  - ✓ To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the packaging industry.
  - ✓ To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
  - ✓ To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
  - ✓ To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- ensure that the Remuneration is properly monitored, and
- inform Employees on the applicable rules as well as on their Remuneration System.

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

The Board has changed the nomenclature of Remuneration Committee by renaming it as

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Nomination and Remuneration Committee on 7th February, 2014. The Nomination and Remuneration Committee comprises of following Directors:

<b>S. No.</b>	<b>Name</b>	<b>Position</b>
1	Mr. Prabhat Krishna	Chairman (Independent Non – Executive Director)
2	Mr. Mahipal	Member (Independent Non – Executive Director)
3	Ms. Shubha Singh	Member (Independent Non – Executive Director)

The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirement.

#### **Definitions**

`Board' means Board of Directors of the Company.

`Directors' means Directors of the Company.

`Committee' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.

`Company' means AMD Industries Limited.

`Independent Director' means a director referred to in Section 149 (6) of the Companies Act, 2013.

`Key Managerial Personnel' (KMP) means-

- (i) Executive Chairman and / or Managing Director;
- (ii) Whole-time Director;
- (iii) Chief Financial Officer;
- (iv) Company Secretary;
- (v) Such other officer as may be prescribed under the applicable statutory provisions / regulations.

`Senior Management' means personnel of the Company occupying the position of Chief Executive Officer including Chief Executive Officer (CEO) of any unit / division, President, Vice President including President/Vice President of any unit / division, all members of management one level below the executive directors, functional heads of all department of the company.

`Staff' means all natural persons who serve to aid the Company in conducting its business, in particular on the basis of an employment or service relationship, as well as all natural persons who are part of an outsourcing agreement.

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'Employees' means Staff and Senior Management.

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.

#### **General**

- This Policy is divided in three parts:

Part - A covers the matters to be dealt with and recommended by the Committee to the Board;

Part - B covers the appointment and nomination;

Part - C covers remuneration and perquisites etc.; and

Part - D covers remuneration and perquisites of staffs.

- The key features of this Company's policy shall be included in the Board's Report.

#### **PART – A      MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE**

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

#### **PART – B      POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT**

##### **Appointment criteria and qualifications:**

1. 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.

2. 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.

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#### **Term / Tenure:**

##### 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.

##### 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. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1st April, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.

- 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.

#### • Evaluation:

The Committee shall carry out yearly evaluation of performance of every Director, KMP and Senior Management Personnel.

#### • Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, 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.

#### • Retirement:

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the

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same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

#### **PART – C POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL**

##### **• General**

1. The remuneration / compensation / commission etc. to the Whole-time Director, Managing 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 prior/post approval of the shareholders of the Company and Central Government, wherever required.

The Remuneration to KMP and Senior Management Personnel shall be in line with the business strategy, objectives, values and long-term interests. The performance criteria for the assessment of Remuneration levels and target achievements will be determined in accordance with the business strategy.

2. The remuneration and commission to be paid to the Whole-time Director, Managing 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 Companies Act, 2013, and the rules made thereunder.

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, Whole-time Director.

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.

5. The Remuneration, KMP and Senior Management Personnel receive for their professional activities at the Company must be stipulated definitively in their employment contract. The employment contract and any subsequent amendments must be in written form.

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

1. Fixed pay:

The Managing director / Whole-time Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break up of the pay scale and quantum of perquisites including, employer's contribution to Provident Fund, pension scheme, medical

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expenses, club fees, bonus, LTA, etc. shall be decided and approved by the Board on the recommendation of the Committee.

#### 2. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director, Managing director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

#### 3. Provisions for excess remuneration:

If any Whole-time Director, Managing director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

#### 4. Performance Measurement

The individual performance measurement of Senior Management is ensured through the Executive Appraisal System. Performance to be measured annually, documented and tracked in the Appraisal system. Performance assessment will be monitored by the Nomination & Remuneration Committee. The Variable Remuneration and changes in fixed Remuneration for Senior Management have to be approved by the Nomination & Remuneration Committee.

#### ● **Remuneration to Non- Executive / Independent Director:**

##### 1. Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder.

##### 2. Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

##### 3. Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

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#### 4. Stock Options:

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

#### **PART – D POLICY RELATING TO THE REMUNERATION OF THE STAFFS**

1. The Remuneration Employees receive for their professional activities at the Company must be stipulated definitively in their employment contract. The employment contract and any subsequent amendments must be in written form.
2. The Remuneration shall be in line with the business strategy, objectives, values and long-term interests. The performance criteria for the assessment of Remuneration levels and target achievements will be determined in accordance with the business strategy.
3. The Remuneration shall be structured appropriately. There shall be an appropriate ratio between the fixed and the Variable Remuneration. Employees shall receive a fixed and Variable Remuneration. The fixed Remuneration shall be a substantial proportion of the total annual Remuneration.
4. Employees shall be informed by e-mail or in writing about the structure of their respective Remuneration system.
5. The individual performance measurement of Staff is ensured through the Staff Appraisal System. The Staff Appraisal is an essential management tool and feedback system. It is an open and trustful dialogue between Staff and their respective line managers.

#### **Annual review**

The Policy, the Remuneration system and their practical operation shall be reviewed by the Nomination & Remuneration Committee on a regular basis, at least once a year. In this respect the Remuneration Committee supports the Company's efforts to ensure compliance of the Policy with regulatory requirements and applicable law. The Policy and the Remuneration system shall be amended if necessary. The Remuneration Committee shall ensure that any changes to the Policy are properly documented.