# NOMINATION AND REMUNERATION POLICY OF ADARSH PLANT PROTECT LIMITED

## 1. INTRODUCTION

In terms of Section 178 of the Companies Act, 2013, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2013 ("the LODR Regulations"), as amended from time to time, this Policy on Nomination and Remuneration ("the/ this Policy") of Directors, Key Managerial Personnel (KMP) and Senior Management of Adarsh Plant Protect Limited ("the Company") has been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors. This Policy shall act as a guideline for determining, inter alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel and Senior Management.

## 2. OBJECTIVE OF THE POLICY

The Policy is framed with the following objectives:

**2.1** That the Company's Board shall comprise of Directors possessing diverse background and experience in business, government, academics, technology and in areas that are relevant for the Company's operations, having the highest personal and professional ethics, integrity and values with an ability to balance the legitimate interests and concerns of all the Company's stakeholders in arriving at decisions, rather than advancing the interests of a particular constituency.

**2.2** That the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully.

**2.3** That the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

**2.4** That the remuneration to Directors and Key Managerial Personnel (KMP) involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

**2.5** To lay down criteria and terms and conditions regarding identifying persons who are qualified to become Directors (Executive and Non-executive) and persons who may be appointed in Senior Management, Key Managerial positions and to determine their remuneration.

**2.6** To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the industry.

**2.7** To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel and to provide for reward(s)

linked directly to their effort, performance, dedication and achievement relating to the Company's operations.

**2.8** To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

**2.9** To lay down criteria for appointment, removal of directors, Key Managerial Personnel and Senior Management Personnel and evaluation of their performance.

## 3. DEFINITIONS

In this Policy, unless the context otherwise requires, the following definitions shall apply:

**3.1** 'Act' means Companies Act, 2013, and rules there under

**3.2** 'Board of Directors' or 'Board', in relation to the Company, means the collective body of the directors of the Company

**3.3** 'Committee' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board of the Company

**3.4** 'Company' means ADARH PLANT PROTECT LIMITED

**3.5** 'Directors' means Directors of the Company

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

**3.7** 'Key Managerial Personnel' (KMP) means:
**a.** Chief Executive Officer and / or Managing Director
**b.** Whole Time Director
**c.** Chief Financial Officer
**d.** Company Secretary
**e.** Such other officer as may be statutorily prescribed

**3.8** 'Ministry' means the Ministry of Corporate Affairs

**3.9.** 'Regulations' refer to and comprises Companies Act, 2013, The Companies (Meeting of Board and its Powers) Rules, 2014, The Companies (Appointment and Qualification of Directors) Rules, 2014, The Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014, Listing Agreement and such other rules and provisions as applicable to the matters dealt in by this Policy

**3.10** 'Senior Management Personnel' for this purpose shall mean employees of the Company who are members of its core management team excluding Board of Directors. It would comprise all members of management one level below the executive director(s), including the functional/ vertical heads.

**3.11** 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.

## 4. APPLICABILITY

This Policy is applicable to:

**a.** Directors viz. Executive, Non-Executive and Independent
**b.** Key Managerial Personnel
**c.** Senior Management Personnel
**d.** Other Employees of the Company as may be decided by the Board

## 5. APPOINTMENT CRITERIA AND QUALIFICATION

**5.1** The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as the Director and who are not disqualified to be the Directors in accordance with the provisions of the Companies Act, 2013 and the Rules made thereunder, and recommend to the Board his/ her appointment. In this regard, the Committee may rely on the Company's management, or external search firm(s), or a mix of both, as the Committee deems fit from time to time.

**5.2** For the appointment of KMP (other than Managing / Whole time Director) or Senior Management Personnel, a person should possess adequate qualification, expertise and experience for the position he/ she is considered for the appointment. Further, for administrative convenience, the appointment of KMP (other than Managing/ Whole time Director) or Senior Management, the Managing Director is authorized to identify and appoint a suitable person for such position. However, if the need be, the Managing Director may consult the Committee/ Board for further directions / guidance.

**5.3.** The Committee shall select those persons as the Directors of the Company who have willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively. They must have the aptitude to critically evaluate management's working as part of a team in an environment of collegiality and trust.

In accordance with the current requirements of the Companies Act, 2013 & the Rules made there under and other applicable provisions, at any point of time, the Company

shall have atleast one woman director and at least one Director who has stayed in India for a total period of not less than one hundred and eighty-two days in the previous calendar year.

- **Criteria for Appointment of Directors:**
  A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise and insights in sectors/areas relevant to the Company, ability to contribute to the Company's growth and complementary skills in relation to the other Board members.

  A Director should possess few Basic Qualities stated as follows:
  i) Emotional Balance
  ii) Business Judgement
  iii) Business Awareness
  iv) Representational Qualities
  v) Problem Solving and Innovation

  A person to be appointed as a Director shall not possess any disqualifications as stipulated in Section 164 of the Companies Act, 2013.

- **Manner of Appointment/ Re-appointment of Directors:**
  The Committee shall appoint/ re-appoint the Director on the Board in accordance with the provisions of Sections 152 to 169 and other applicable provisions of the Companies Act, 2013 and the Rules made there under.

  The Board, through the Nomination and Remuneration Committee, shall appoint any additional, alternate director or a director in casual vacancy in accordance with Section 161 of the Companies Act, 2013.

  Section 196 of the Companies Act, 2013 along with Part I of the Schedule V thereto govern the provisions relating to the appointment of the Executive Directors. In line with the provisions of sections 196 to 200 and Schedule V, a managing director, whole-time director or manager shall be appointed and the terms and conditions of such appointment and remuneration payable be approved by the Board of Directors at a meeting which shall be subject to approval by a resolution at the next general meeting of the Company and by the Central Government in case such appointment is at variance to the conditions specified in that Schedule.

- **Criteria for Appointment of Managing/ Executive Directors**
  Managing Director works with other top-tier executives to oversee the operations of companies and organizations across a variety of industries, such as banking, healthcare, marketing, advertising, information technology, and government. A Managing Director, assisted by top management, has to develop strategic marketing and sales plans to boost profits and efficiency. He also has to coordinate the efforts of various departments, such as legal, finance, marketing, and sales, to meet Company goals. Executive Directors oversee other managers or department heads, and they often report to the Boards of Directors.

In addition to the qualities of a Director stated above, the person appointed or to be appointed as the Managing Director/ Executive Director shall have experience in a senior leadership role for an organisation. A tertiary qualification in business administration, commerce or law, or a qualification relevant to the organisation's area of business is also useful.

- **Personal requirements**
  Managing Director/ Executive Directors need to be:
  - able to multitask and delegate
  - skilled at planning and organising
  - skilled at problem-solving and decision-making
  - good at communicating
  - able to analyze information
  - positive and adaptable
  - able to work well under pressure
  - have a sense of responsibility and accountability of his powers and duties to the Board and stakeholders
  - results oriented and creative in addition to having strong business-development skills and the ability to interact with clients, staff and senior management.
  - effective communicators with excellent leadership skills, management experience and the ability to motivate employees.
  - use leadership skills in challenging situations
  - possess thorough knowledge and experience of field of operations of the Company.

➢ **Criteria for Appointment of Independent Directors:**
Section 149(6) of the Companies Act, 2013 and the Rules made there under lay down additional criteria, besides that laid down for Directors, for appointment of any person as an Independent Director.

An independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.
For every appointment of an independent director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description.
For identifying suitable candidates, the Committee may:
(i) use the services of an external agencies, if required;
(ii) consider candidates from a wide range of backgrounds, having due regard to diversity; and consider the time commitments of the candidates.

**7. TERM/ TENURE**

The Term of the Directors including Managing/ Whole time Director/ Independent Director shall be governed as per the provisions of the Act and Rules made thereunder read with Schedule IV to the Act and the LODR Regulations, as amended from time to time. However, the term of the KMP (other than the Managing/ Whole time Director) and Senior Management shall be governed by the prevailing HR policies of the Company.

**8. FAMILIARISATION OF THE DIRECTORS:**

All the Directors of the Company shall be appropriately with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc.

**9. EVALUATION**

**9.1** The Committee shall identify evaluation criteria which will evaluate Directors based on knowledge to perform the role, time and level of participation, performance of duties, level of oversight, professional conduct and independence. The appointment/re-appointment/ continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process.

**9.2** Framework for performance evaluation of Independent Directors and the Board is as per **ANNEXURE** to this Policy.

**10. REMOVAL**

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 of the Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.

**11. RETIREMENT**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Regulations 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.

## 12. REMUNERATION TO THE DIRECTORS:

This Policy delineating the structure of Remuneration package including the basic salary, allowances, bonus and perquisites to the Directors and the Board shall be in accordance with the applicable provisions of the Companies Act, 2013 and the LODR Regulations as amended from time to time.

While designing remuneration structure for managing/ executive/ non-executive directors, the Company shall have regards to the following-

- The financial and operating performance of the Company during preceding financial years.
- The relationship between remuneration and performance.
- The principle for proportionality of remuneration within the Company, ideally by rating methodology which compares the remuneration of directors to tat of the other directors on the Board who receive remuneration and employees or executives of the Company.
- Whether the remuneration policy for directors differs from that of the other employees and if so, an explanation for the difference.
- The securities held by the director, including options and details of share pledged as at the end of the preceding financial year.

### (A) Remuneration of Managing / Whole-time Director, KMP & Senior Management Personnel

In line with the provisions of sections 196 to 200 and Schedule V, a managing director, wholetime director or manager shall be appointed and the terms and conditions of such appointment and remuneration payable be approved by the Board of Directors at a meeting which shall be subject to approval by a resolution at the next general meeting of the Company and by the Central Government in case such appointment is at variance to the conditions specified in that Schedule. Executive directors are subject to the Company's standard terms and conditions of employment.

A written employment contract shall be prepared between the Company and the Managing Director/ Whole-time Directors, containing details of his main duties and responsibilities. The amount of basic salary and other remuneration shall take into account his education, working experience and previous employment. Other details of his remuneration, such as bonus, allowances and perquisites, terms of notice and all payments due to the Managing Director/ Whole-time Directors upon termination of the contract, etc., shall be mentioned in the employment contract.

- **Salary**

  The basic salary of the Managing Director/ Whole-time Directors may be revised annually considering their performance, the development of salaries for similar positions in comparable and the general performance and operations of the Company. The Committee recommends any revision in remuneration to the Board.

The remuneration/ compensation/ commission, etc. to the Managing/ Whole-time Director will be determined by the Committee and recommended to the Board for approval. Subject to the prior/ post approval of the shareholders of the Company and Central Government, wherever required and shall be in accordance with the provisions of the Act and Rules made there under.

Further, the Managing Director of the Company is authorized to decide the remuneration of KMP (other than Managing/ Whole-time Director) and Senior Management, and which shall be decided by the Managing Director based on the standard market practice and prevailing HR policies of the Company.

- **Bonuses and Incentives**

  The Executive Directors may be paid cash bonuses or incentives directly related to the working performance of the individual employees, their status and responsibility, the economical performance of the Company, the achievements of certain operational goals, including reaching certain budget targets. Such bonuses or incentives can only be offered to employees who are still working for the Company at the time when the bonuses are due for payment. Bonus payments are always subject to the applicable laws of land.

  Where any insurance is taken by a Company on behalf of its Executive Directors for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. However, if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

- **Personal benefits**

  Executive Directors have access to a number of work-related benefits, including Company car, free telephony, broadband at home, and work-related newspapers and magazines. The extent of individual benefits is negotiated with each individual member of the Executive Management.

**(B) Remuneration to the Non-Executive Directors**

The remuneration/ commission/ sitting fees, as the case may be, to the Non-Executive/ Independent Director, shall be in accordance with the provisions of the Act and the Rules made there under for the time being in force or as may be decided by the Committee/ Board/ Shareholders.

The Nomination & Compensation Committee prepares proposals concerning the remuneration of the Senior Management Executives and ensures that the remuneration is in line with the conditions in comparable companies and submits the same for approval in a Board Meeting.

The Company's policy on remuneration for non-executive directors is that, as a general guideline, shall:

- be performance-related and market-related (having regard to number of meetings attended by non-executive directors of companies of similar size and structure to the Company and operating in similar sectors); and
- not linked to Company's share price or the Company's performance.

All fees /compensation, if any paid to Non-Executive Directors, including Independent Directors, shall be fixed by the Board of Directors within the limits stipulated by law

The Company pays for all travel and accommodation expenses incurred by directors on official visits for Company purpose.

No severance fees is paid to the Non-Executive Directors on consequent to retirement or resignation or any other circumstances.

- **Remuneration to Non-Executive Directors other than Independent Directors:**
  The remuneration payable to directors who are neither managing directors nor whole-time directors shall not exceed,-
  - one per cent. of the net profits of the Company, if there is a managing or whole-time director or manager;
  - three per cent. of the net profits in any other case.

  The percentages aforesaid shall be exclusive of sitting fees payable to directors.

- **Remuneration to the Independent Directors**:
  The Companies Act, 2013 expressly disallows independent directors from obtaining stock options and remuneration other than sitting fees and reimbursement of travel expenses for attending the board and other meetings.

  However, the Company may pay to them any profit-related commission, subject to the approval of the shareholders. The reason behind it to prevent personal financial nexus with the Company and to safeguard their independence.

## 13. APPROVAL OF THE REMUNERATION

The remuneration payable to the directors of a Company, including any managing or whole-time director or manager, shall be determined, in accordance with and subject to the provisions of this section, either by the articles of the Company, or by a resolution or, if the articles so require, by a special resolution, passed by the Company in general meeting and the remuneration payable to a director determined aforesaid shall be

inclusive of the remuneration payable to him for the services rendered by him in any other capacity as stipulated in the Companies Act, 2013.

The remuneration payable to the Senior Management Executives shall be approved by the Board of Directors, on recommendation of the Committee.

## 14. COMPENSATION FOR LOSS OF OFFICE

In line with the Companies Act, 2013, a Company may make payment to a managing or whole-time director or manager, but not to any other director, by way of compensation for loss of office, or as consideration for loss of office of for retirement from office or in connection with such loss or retirement.

No Senior Management Executive shall be paid by the Company either by way of compensation for loss of office, or as consideration for loss of office of for retirement from office or in connection with such loss or retirement.

## 15. RECOVERY OF REMUNERATION IN CERTAIN CASES

Without prejudice to any liability incurred under the provisions of the Companies Act, 2013 or any other law for the time being in force, where a Company is required to re-state its financial in certain cases, statements due to fraud or non-compliance with any requirement under this Act and the rules made there under, the Company shall recover from any past or present managing director or whole-time director or manager or Chief Executive Officer (by whatever name called) who, during the period for which the financial statements are required to be re-stated, received the remuneration (including stock option) in excess of what would have been payable to him as per restatement of financial statements.

## 16. DISCLOSURES

The Company shall provide following information to shareholders in the annual report or in any other manner:

- Appointment of a new director or re-appointment of a director:
  - **a.** A brief resume of the director;
  - **b.** Nature of his expertise in specific functional areas;
  - **c.** Names of companies in which the person also holds the directorship and the membership of Committees of the Board; and
  - **d.** Non-executive directors shall be required to disclose their shareholding (both own or held by/ for other persons on a beneficial basis) in the APPL in which they are proposed to be appointed as directors, prior to their appointment. These details should be disclosed in the notice to the general meeting called for appointment of such director.

- Disclosure of resignation of directors:

**a.** The Company shall disclose the letter of resignation along with the detailed reasons of resignation provided by the director of the Company on its website not later than one working day from the date of receipt of the letter of resignation.

**b.** The Company shall also forward a copy of the letter of resignation along with the detailed reasons of resignation to the stock exchanges not later than one working day from the date of receipt of resignation for dissemination through its website.

- Remuneration of the Directors:

**a.** All pecuniary relationship or transactions of the non-executive directors vis-à-vis the Company

**b.** All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc. with details of fixed component and performance linked incentives, along with the performance criteria.

**c.** Service contracts, notice period, severance fees.

**d.** Stock option details, if any - and whether issued at a discount as well as the period over which accrued and over which exercisable.

**e.** The Company shall publish its criteria of making payments to non-executive directors in its annual report. Alternatively, this may be put up on the Company's website and reference drawn thereto in the annual report.

**f.** The Company shall disclose the number of shares and convertible instruments held by nonexecutive directors in the annual report.

**g.** The Company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

**h.** The ratio of the remuneration of each director to the median employee's remuneration and such other details as may be prescribed.

**i.** the percentage increase in remuneration of each director, chief financial officer, chief executive officer, company secretary or manager, if any, in the financial year.

**j.** Average percentile increase already made in the salaries of the employees other than managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in managerial remuneration.

**k.** Affirmation that the remuneration is as per the remuneration policy of the company.

**l.** The Board's report shall include a statement showing the names of top ten employees in terms of remuneration and the name of every employee who-

- if employed throughout the financial year, was in receipt of remuneration for that year which, in aggregate, was not less than one crore and two lakhs rupees;
- if employed throughout the financial year, was in receipt of remuneration for that year which, in aggregate, was not less than one crore and two lakhs and fifty thousands rupees per month;
- if employed throughout the financial year, was in receipt of remuneration for that year which, in aggregate, is in excess of that drawn by the managing

director or whole-time director or manager and holds by himself or alongwith his spouse and dependent children, not less than two percent of equity shares of the company.

**m.** other details as stated in the applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## 17. DISSEMINATION

The details of the Policy and the evaluation criteria as applicable shall be published on the Company's website and accordingly disclosed in the Annual Report as part of Board's report therein.

## 18. AMENDMENT

The Nomination & Remuneration Committee reserves its right to amend or modify this Policy in whole or in part, subject to approval by the Board, at any time consequent upon any amendment to applicable laws of land.

For & on behalf of
**Adarsh Plant Protect Limited**

Sd/-
Mr. Naishad Patel
**Chairperson**
**[DIN: 00082749]**

For & on behalf of
**Adarsh Plant Protect Limited**

Sd/-
Mr. Vipul H. Raval
**Chairperson- Nomination & Committee**
**[DIN: 1044523]**

## ANNEXURE

**Framework for performance evaluation of Independent Directors and the Board**

As per the provisions of the Companies Act read with the LODR Regulations, the Committee shall lay down the evaluation criteria for performance evaluation of Independent Directors and the Board. Further, the Board is required to monitor and review Board Evaluation Framework. This Framework shall contain the details of Board's self-evaluation framework (including all Committees of the Board and individual directors).

The Board is committed to assessing its own performance as a Board in order to identify its strengths and areas in which it may improve its functioning. To that end, the Committee shall establish the following processes for evaluation of performance of Independent Directors and the Board:

**1.** Once a year, the Board will conduct a self-evaluation. It is the responsibility of the Chairperson of the Board, supported by the Company Secretary of the Company, to organize the evaluation process and act on its outcome;

**2.** The Committee shall formulate evaluation criteria for the Board and the Independent Directors which shall be broadly based on:
**2.1** Knowledge to perform the role;
**2.2** Time and level of participation;
**2.3** Performance of duties and level of oversight; and
**2.4** Professional conduct and independence.

**3.** The Board/ Independent Directors shall be asked to complete the evaluation forms and submit the same to the Chairperson.

**4.** In terms of Section 134 of the Act, the Directors' Report should include a statement indicating a manner in which the Board has done formal annual evaluation of its own performance, performance of Committees and individual Directors of the Company.

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