

**NOMINATION &
REMUNERATION POLICY**

NOMINATION & REMUNERATION POLICY

The Andhra Petrochemicals Limited has always recognised Human Resource as its most valuable asset to bring value addition to the Company. The Andhra Petrochemicals Limited aims to have a transparent fair and reasonable process for determining the need to have appropriate persons to manage various positions with adequate remuneration package for retaining and encouraging high quality talent.

Section 178 of the Companies Act, 2013 provides that every listed Company shall constitute a Nomination and Remuneration Committee consisting of 3 or more Non-Executive Directors, of which not less than one half shall be Independent Directors.

To align with the above provisions, the Board of Directors at its meeting held on 24th May, 2014 constituted Nomination & Remuneration Committee comprising following Directors as its Members :-

Sri M R B Punja

Sri Surinder Kumar Kapoor

Sri P. Narendranath Chowdary

Terms of reference of this Committee shall be:

Identification of persons who are qualified to become Directors & Key Managerial Personnel (KMP) and employees one level below the KMP.

Formulating & recommending to the Board the Nomination & Remuneration Policy for Directors, KMP and employees one level below the KMP.

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In this back drop Nomination and Remuneration Committee has formulated this Nomination and Remuneration Policy to ensure the fulfillment of the following objectives:

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 Key Managerial and Senior Management 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 the industry.

To carry out evaluation of the performance of Directors, as well as Key Managerial Personnel and employees one level below the KMP.

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.

This Nomination & Remuneration Policy covers Nomination & Remuneration.

NOMINATION :

With regard to Nomination, the Nomination & Remuneration Committee shall:

- ❖ Identify the persons who are qualified to become Directors, persons who may be appointed as Key Managerial Personnel and Functional Heads, assess the desired competencies and skills required with reference to areas, such as, gender, age, qualifications and experience and other positive attributes.

- ❖ From time to time assess the extent to which the required skills are represented on the Board.
- ❖ At the request of the Board, facilitate evaluation of the Board's performance.
- ❖ Entrust its decisions to Human Resources Department of the Company for its required action in respect of the following:
 - To monitor the compliance with this Policy regularly.
 - To conduct induction programmes for continuing development through seminars, conferences and practical oriented training at all levels.
 - Carry out any other function as is mandated by the Board and / or enforced by any statutory notification, amendment or modification, as may be applicable, from time to time.
- ❖ Perform such other functions as may be necessary or appropriate for the performance of its duties.

REMUNERATION :

The guiding Principle of this Remuneration Policy is that the Remuneration & terms of Employment shall be competitive to attract and retain Competent Managers. In this backdrop the Nomination & Remuneration Committee shall:

When determining the Remuneration Policy for Whole-time Directors / KMPs, Nomination & Remuneration Committee has to consider parity with the Industry norms and employment conditions elsewhere in the competitive

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market to ensure that pay structures are appropriately aligned and that levels of remuneration remain appropriate in this context.

Ensure that the appointment of Managing Director / Whole-time Director and the remuneration payable is in accordance with the provisions of the Companies Act, 2013 or any statutory modification thereof.

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 competency required to run the Company successfully.

Ensure a direct relationship with the Key Result Areas and individual achievements considering short as well as long-term performance objectives appropriate to the working of the Company and its growth and goals.

The Committee to consider 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 of stakeholders.

The Remuneration Policy is guided by a common reward framework and set of principles and objectives as envisaged under Section 178 of the Companies Act 2013 and the Companies (Meetings of Board and its Powers) Rules, 2014, *inter alia* principles pertaining to determining qualifications, positive attributes and independence of the Directors, integrity, etc.

Policy also envisages the Nomination and Remuneration Committee to authorise Managing Director to consider the appointment and terms and conditions of Senior Level Employees on contract basis taking into account the need and requirement. Such proposals shall be placed before the Committee for its consideration.

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Nomination and Remuneration Committee also authorises the Managing Director to consider all matters relating to Human Resources from time to time which are deemed expedient and beneficial from the point of view of the operations of the Company.

This policy shall be applicable to Directors, Whole-time Directors, Key Managerial Personnel and employees one level below the KMP.

This Nomination & Remuneration Policy formulated at the Nomination & Remuneration Committee Meeting held on 20th July, 2014 be recommended to the Board for its implementation.

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