

NOMINATION AND REMUNERATION POLICY

1. PURPOSE

Introduction:

This Remuneration Policy (Policy) of Automobile Product of India Limited ('API') has been formulated for its directors, key managerial personnel and other employees keeping in view the following objectives:

- a) Ensuring 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;
- b) Ensuring relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) Ensuring that remuneration to directors, key managerial personnel and senior management 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.
- d) 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;
- e) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- f) devising a policy on diversity of board of directors;
- g) 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.
- h) 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 [recommend to the board, all remuneration, in whatever form, payable to senior management]

The Policy is in compliance with Section 178(3) and Section 178(4) of the Companies Act, 2013 and Regulation 19(4) read with Part D of Schedule II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

2. SCOPE

This Policy sets out the guiding principles for the Nomination and Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent directors of the Company.

3. TERMS AND REFERENCE:

In this Policy, the following terms shall have the following meanings:

- a) '**Board**' means Board of Directors of the Company for the time in force;
- b) '**Company**' means AUTOMOBILE PRODUCTS OF INDIA LIMITED;
- c) '**Nomination and Remuneration Committee**' means the committee constituted by API Board in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations;
- d) '**Director**' means person appointed as Director on the Board of the Company pursuant to the applicable provision of the Companies Act, 2013 and includes independent Directors of the Company.

- e) **'Key Managerial Personnel or KMP'** means person as defined in the Companies Act, 2013
- i. the Chief Executive Officer or the managing director or the manager;
 - ii. the company secretary;
 - iii. the whole-time director;
 - iv. the Chief Financial Officer; and
 - v. such other officer as may be prescribed under the Companies Act, 2013
- f) **'Nomination and Remuneration Committee'** means the committee constituted by API Board in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

4. POLICY:

a) **Board Nomination:**

The Nomination and Remuneration (NRC) and the Board, shall review appropriate skills, expertise, competence, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience that are relevant for the Company's operations.

- b) In evaluating the suitability of individual Board members, the NRC shall take into account many factors, including the following:
- i. General understanding of the Company's business dynamics, global business and social perspective;
 - ii. Educational and professional background;
 - iii. Standing in the profession;
 - iv. Personal and professional ethics, integrity and values;
 - v. Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively
- c) The proposed appointee shall also fulfill the following requirements:
- i. Shall possess a Director Identification Number or any other identification number prescribed by the Central Government which shall be treated as Director Identification Number for the purposes of the Act;
 - ii. Shall not be disqualified under the Act;
 - iii. Shall give his written consent to act as a Director;
 - iv. Shall endeavour to attend all Board Meetings and wherever he is appointed as a Committee Member, the Committee Meetings;
 - v. Shall abide by the Company's Code of Conduct established for Directors and Senior Management Personnel;
 - vi. Shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year and whenever there is a change in the disclosures already made;
 - vii. Such other requirements as may be prescribed, from time to time, under the Act, and other relevant laws.

5. Evaluation of Performance:

The NRC shall specify the manner for effective evaluation of performance of Board, its

committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance with the objective of having a group that best enables the success of the Company's business.

6. Remuneration to Executive Directors and Key Managerial Personnel:

The Board, on the recommendation of the NRC, shall review and approve the remuneration payable to the Executive Directors of the Company, if any, within the overall limits approved by the shareholders;

The Board, on the recommendation of the NRC Committee, shall also review and approve the remuneration payable to the other Key Managerial Personnel of the Company;

7. Remuneration to Non-Executive Directors:

Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committee thereof. Subject to the approval of the shareholders, the NRC Committee may review, recommend and/or approve remuneration to the Non-Executive Directors of the Company, within the overall limits.

8. Remuneration to other employees:

The NRC Committee may also review remuneration on an annual basis for other employees, who are eligible for compensation review keeping in view the remuneration objectives and in line the performance of the Company.