

## REMUNERATION POLICY

### 1. Objective

The objective of the remuneration policy of Acrow India Limited is to attract, motivate and retain qualified and expert individuals that the company needs in order to achieve its strategic and operational objectives, whilst acknowledging the societal context around remuneration and recognizing the interests of the stakeholders of Acrow India Limited.

### 2. Definitions

- i. **“Act”** means the Companies Act 2013
- ii. **“Board of Directors” or “Board”** means the collective body of the Directors of the Company.
- iii. **“Chief Executive Officer” (CEO)** means Chief Executive Officer as defined under Section 2(18) of the Act.
- iv. **“Chief Financial Officer” (CFO)** means Chief Financial Officer as defined under Section 2(19) of the Act.
- v. **“Company Secretary” (CS)** means a Company Secretary as defined in Section 2(24) of the Act.
- vi. **“Managing Director”** means a Managing Director as defined in Section 2(54) of the Act.
- vii. **“Manager”** means a Manager as defined in Section 2(53) of the Act.
- viii. **“Key Managerial Personnel” (KMP)** means:
  - a. Managing Director, or Chief Executive Officer or Manager;
  - b. Company Secretary;
  - c. Whole Time Director;
  - d. Chief Financial Officer;
  - e. Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board and
  - f. Such other officer as may be prescribed.
- ix. **“Remuneration”** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;
- x. **“Senior Management”** means Officers/Personnel of the Company who are members of its core management team excluding Board of Directors, but comprising of 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

- xi. **“Whole-time Director” or “Executive Director”** means Whole-time Director as defined in Section 2(94) of the Act.

All capitalised terms used in this Policy but not defined herein shall have the meaning ascribed to such term in the Act and the Rules framed there under or in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), as amended from time to time.

### **3. The Nomination & Remuneration Committee**

The Nomination & Remuneration Committee (“Committee”) is responsible for formulating and making the necessary amendments to the Remuneration Policy for the Directors, KMP and Senior Management of Acrow India Limited from time to time.

### **4. Role of the Committee:**

- I. The Committee shall be formally empowered to ;
  - a. identify persons who are qualified to become Directors and who may be appointed in the Senior Management as per criteria laid down by the Company and recommend to the Board their appointment or removal;
  - b. provide the terms of engagement for independent directors, non-executive directors, Chief Executive Officer, whole time directors and senior management
- II. Role of the Committee shall *inter- alia* include the following:
  - a. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
  - b. Formulation of criteria for evaluation of performance of Independent Directors and the Board;
  - c. Devising a policy on Board diversity and succession planning for Board/Senior Management;
  - d. 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 their appointment, remuneration and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.
  - e. To ensure 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;
  - f. To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

- g. To ensure 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.

**III. The Committee shall :**

- a. Establish the KRAs and clear metrics of performance for Chief Executive Officer and whole-time directors against which their performance shall be appraised at the end of the year.

Review and approve KRAs and performance metrics for senior management proposed by the Chief Executive Officer.

Document the expectations and the actual achievements for a full Board review as may be taken as an audit.

- b. Have the responsibility for a) setting the remuneration for the Chief Executive Officer and whole-time directors and, b) review and approval of senior management (one level below MD) remuneration proposed by Chief Executive Officer. Remuneration in this context will include salary; performance based variable component and any compensation payments, such as retiral benefits or stock options.

**5. Remuneration for Non-Executive Directors**

Non-Executive Directors (“NED”) are remunerated by way of sitting fee for each meeting of the Board/ Committees of the Board attended by them.

**6. Remuneration for Executive Directors, Key Managerial Personnel (KMP) and Senior Management**

The following elements are taken into consideration for determining the Remuneration of Executive Directors, KMP and Senior Management:

- The remuneration policy reflects a balance between the interests of the Company’s main stakeholders as well as a balance between the Company’s short-term and long-term strategy. As a result, the structure of the remuneration package for the Executive Directors, KMP and Senior Management is designed to balance short-term operational performance with the medium and long-term objective of creating sustainable value within the company, while taking into account the interests of its stakeholders. Acrow India Limited strives for a high performance in the field of sustainability and aims to maintain a good balance between economic gain, respect for people and concern for the environment.
- To ensure that highly skilled and qualified Executive Directors / KMP / Senior Management Personnel can be attracted and retained, Acrow India Limited aims for a total remuneration level that is comparable to levels provided by other companies that are similar to Acrow India Limited in terms of size and complexity.
- In designing and setting the levels of remuneration for the Executive Directors, KMP and Senior Management, the Committee also takes into account the relevant statutory

provisions and provisions of the corporate governance regulations, societal and market trends and the interests of stakeholders.

- The Company's policy is to offer the Executive Directors, KMP and Senior Management a total compensation comparable to the peer group.

### **Total Compensation (TC)**

The total compensation of the Executive Directors, KMP and Senior Management consists of the following components:

1. Base salary
2. Variable income –
  - Annual Performance Pay (APP)
  - Performance-related Long-Term Incentive Plan (LTIP)

### **Base salary**

On joining the Company, the Executive Directors, KMP and Senior Management Personnel receive a base salary comparable to the peer group. Every year, base salary levels are reviewed by the Committee.

### **Variable income**

The variable income part of remuneration consists of APP and LTIP. The distribution between APP and LTIP for (on target) performance aims to achieve a proper balance between short-term result and long-term value creation. The parameters relating to the various elements of the variable income part of the remuneration are established and where necessary adjusted by and at the discretion of the Committee, taking into account the general rules and principles of the remuneration policy itself.

The targets are determined each year by the Committee in consultation with the respective Executive Director/KMP/ Senior Management Personnel, based on historical performance, the operational and strategic outlook of the Company in the short term and expectations of the Company's management and stakeholders, among other things. The targets contribute to the realization of the objective of long-term value creation.

## **7. Remuneration for other Employees.**

Remuneration of middle and lower level employees of the Company consists of fixed pay, and may include variable pay as needed, which is reviewed on an annual basis. Increase in the remuneration of employees is effected based on an annual review taking into account performance of the employee and the performance of the Company also.

## **8. Remuneration for Workmen.**

Remuneration of workmen employed in the factories of the Company consists of fixed pay and performance incentives, which is negotiated and agreed upon on periodical basis. Increase in the remuneration of workmen is effected based on a review of performance of the Company and increase in the general price levels / cost of living index, etc.

## **9. Evaluation of Performance of Board, its Committees and Individual Directors**

The evaluation of performance of Board of Directors, its Committees and individual directors shall be carried out either by the Board, by the Committee or by an independent external agency and Committee shall review its implementation and compliance.

## **10. Term of Appointment**

The term of appointment of the Managing Director and other Executive Directors is generally for a period of 3 years and renewed for similar periods from time to time, whereas the term of the other employees, generally is upto the age of superannuation. However the Company may also appoint consultants for shorter periods on need basis.

## **11. Post Retirement Benefits**

All the Executive Directors and employees are entitled to retirement benefits such as provident fund and gratuity.

## **12. Loans**

There is no system of granting of loans to Directors, KMP and employees of the Company.

## **13. Amendments to this Policy**

The Nomination and Remuneration Committee of the Company shall review and may amend this policy from time to time, subject to the approval of the Board of Directors of the Company. In the event of any conflict between the provisions of this Policy and of Act / SEBI Listing Regulations or any other statutory enactments, rules, the provisions of such Act or statutory enactments, rules shall prevail over this Policy.

The Policy was adopted by the Board of Directors on June 29, 2020 and is effective from June 29, 2020.