

GUJARAT POLYSOL CHEMICALS LIMITED

CIN No. U24231GJ1989PLC012892

Regi Office Address: Plot No. 1734, Third Phase, GIDC, Vapi,

Dist. Valsad, Vapi, GJ 396195 IN

Email Id: gujaratpolysol@gmail.com, Contact No. +91 99251 00331

NOMINATION AND REMUNERATION POLICY

1. INTRODUCTION

The Nomination and Remuneration Policy (**Policy**) is framed by Gujarat Polysol Chemicals Limited (**Company**) in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 and other provisions of the of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (**SEBI Listing Regulations**).

The Company believes that human resources as an asset are invaluable and play an integral part in the growth and success of the Company. The Company also acknowledges that a Board with diversified expertise and experience, adequate mix of executive and independent directors, provides the desired vision, governance structure and mission to the Company in order to enable it to achieve its goals.

2. OBJECTIVE OF THE POLICY/ROLE OF THE COMMITTEE

In line with the requirements of the Companies Act, 2013 and SEBI Listing Regulations, the role of the policy and committee shall, *inter-alia*, include the following:

- (1) To identify and recommend to the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management;
- (2) To formulate 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 including Senior Management Personnel;
 - i. To ensure that the level and composition of remuneration is in line with the industry benchmark, sufficient to attract and retain right talent, at all levels and keep them motivated enough to meet the organizational objectives;
 - ii. To ensure that a reasonable balance is maintained in terms of composition of remuneration (fixed and variable component);
 - iii. To have performance measurement parameters in place to assess the overall performance of Independent Directors and Board of Directors;
 - iv. To develop a succession plan for the Board and to regularly review the plan;
 - v. To assist the Board in fulfilling responsibilities; and
 - vi. To recommend to the board, all remuneration, in whatever form, payable to Senior Management.

3. Definitions

- a) "**Act**" means the Companies Act, 2013 as may be amended from time to time.
- b) "**Board of Directors**" or "**Board**" means the Board of Directors of the Company, as constituted from time to time.

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- c) **"Director"** means a person appointed as a director to the Board of Directors of the Company.
- d) **"Independent Director"** means a director of the Company, not being a whole-time director and who satisfies other criteria for independence under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- e) **"Key Managerial Personnel or KMP"** shall mean key managerial personnel as defined in sub section (51) of section 2 of the Act.
- f) **"Nomination and Remuneration Committee or NRC or Committee"** means the committee constituted by the Board of Directors of the Company in accordance with section 178 of the Act and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- g) **"Senior Management"** shall mean officers / personnel of the Company who are members of its core management team excluding Board of Directors and normally this shall comprise 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.

Any other term not defined herein shall have the same meaning as defined in the Act, SEBI Listing Regulations or any other applicable law or regulation, amended from time to time.

4. Applicability

This policy will be applicable on following person:

- a. Directors;
- b. Key Managerial Personnel;
- c. Senior Management; and
- d. Other employees.

5. TERMS OF REFERENCES

The Nomination and Remuneration Committee shall be responsible for, among other things, the following:

- (1) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors of the Company (**Board or Board of Directors**) a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees (**Remuneration Policy**);

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The Nomination and Remuneration Committee, while formulating the above Policy, should ensure that:

- (i) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;
 - (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (iii) 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.
- (2) formulation of criteria for evaluation of performance of Independent Directors and the Board;
 - (3) devising a policy on Board diversity;
 - (4) 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 and removal and shall specify the manner for effective evaluation of performance of the 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. The Company shall disclose the remuneration Policy and the evaluation criteria in its annual report;
 - (5) reviewing and recommending to the Board, manpower plan/ budget and sanction of new Senior Management positions from time to time in the future;
 - (6) for every appointment of an independent director, the Nomination and Remuneration 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 the purpose of identifying suitable candidates, the committee may:
 - (i) use the services of external agencies, if required;
 - (ii) consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - (iii) consider the time commitments of the candidates,

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- (7) extending or continuing the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
- (8) evaluation and recommendation of termination of appointment of Directors in accordance with the Board's governance principles for cause or for other appropriate reasons;
- (9) making recommendations to the Board in relation to the appointment, promotion and removal of the Senior Management personnel;
- (10) recommending to the board, all remuneration, in whatever form, payable to Senior Management, including revisions thereto;
- (11) administering, monitoring and formulating detailed terms and conditions of the Employees Stock Option Scheme of the Company;
- (12) framing suitable policies and systems to ensure that there is no violation of any securities laws or any other applicable laws in India or overseas, as amended from time to time, including:
 - (i) the SEBI Insider Trading Regulations; and
 - (ii) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended.
- (13) carrying out any other function as is mandated by the Board from time to time and / or enforced/mandated by any statutory notification, amendment or modification, as may be applicable;
- (14) performing such other functions as may be necessary or appropriate for the performance of its duties;
- (15) periodically reviewing and re-examining the terms of reference and making recommendations to our Board for any proposed changes;
- (16) authorization to obtain advice, reports or opinions from internal or external counsel and expert advisors;
- (17) ensuring proper induction program for new Directors, Key Managerial Personnel and Senior Management and reviewing its effectiveness along-with ensuring that on appointment, they receive a formal letter of appointment in accordance with guidelines provided under the Companies Act, 2013;
- (18) developing a succession plan for our Board and Senior Management and regularly reviewing the plan;
- (19) ensuring that it proactively maintains a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company;

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- (20) consideration and determination of the Nomination and Remuneration Policy based on performance and also bearing in mind that the remuneration is reasonable and sufficient to attract, retain and motivate members of the Board and such other factors as the Committee shall deem appropriate; and
- (21) perform such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 to the extent notified and effective, as amended or by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or by any other applicable law or regulatory authority.
- (22) Analysing, monitoring and reviewing various human resource and compensation matters.

6. POLICY FOR THE APPOINTMENT AND REMOVAL OF DIRECTORS, KMP AND SENIOR MANAGEMENT

The criteria for the appointment of Directors, KMP and Senior Management are as follows:

1. General appointment criteria:

- i) The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, Key Managerial Personnel (KMP) or at Senior Management level and accordingly recommend to the Board his / her appointment.
- ii) The Committee should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management personnel does not stand disqualified under the Companies Act, 2013, rules made thereunder, SEBI Listing Regulations or any other enactment for the time being in force.
- iii) The Director/ Independent Director/ Key Managerial Personnel / Senior Management personnel shall be appointed as per the procedure laid down under the applicable provisions of the Companies Act, 2013, rules made thereunder, SEBI Listing Regulations or any other enactment for the time being in force.

2. Other appointment criteria:

Enhancing the competency of the Board and attracting as well as retaining talented employees for role of KMP/ Senior Management personnel shall be the basis for the Committee to select a candidate for his/her appointment. When recommending a candidate for appointment, the Committee shall be:

- i) Assessing the appointee against a range of criteria which includes but not be limited to qualifications, skills, regional and industry experience, background and other qualities required to operate successfully in the position, with due regard for the benefits in diversifying the Board;
- ii) The extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing

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Directors/ KMP/ Senior Management personnel and enhance the efficiency of the Company;

- iii) The qualification, skills and experience that the appointee brings to the designated role and how an appointee will enhance the skill sets and experience of the Board/Company as a whole;
- iv) The nature of existing positions held by the appointee including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment;
- v) The appointment of Independent Directors shall be subject to compliance of provisions of SEBI Listing Regulations and Section 149 of the Companies Act, 2013, read with schedule IV and rules thereunder.

3. **Term/Tenure**

i. Managing Director/Whole-time Director/Manager (Managerial Person):

The Company shall appoint or re-appoint any person as its Managerial Person 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.

The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager who is below the age of 21 years or who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

ii. 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 of up to maximum of 5 years each, 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.

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

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Director of a listed company or such other number as may be prescribed under the Act.

4. Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013 or under any other applicable Act, rules and regulations there under or such compelling other reason, 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. The removal shall also be based on principles of natural justice.

5. Retirement

The Director, KMP and Senior Management personnel shall retire as per the Company's rules and as per applicable provisions of the Companies Act, 2013 and SEBI Listing Regulation, wherever applicable.

7. POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND OTHER EMPLOYEES

- i. The remuneration should be reasonable and sufficient in order to justify the position and responsibility and to retain the Directors;
- ii. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- iii. Remuneration to whole-Time Directors, KMP and Senior Management personnel and other employees involves a clear balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Company and its goals.

1. Remuneration to whole-time Directors, KMP, Senior Management and other employees

- Remuneration to the Directors will be determined by the Committee and recommended to the Board. The same shall be subject to the approval of the shareholders.
- Increments to the existing remuneration of the Directors shall be approved by the Committee within the overall limits as approved by the shareholders and placed before the Board.
- Increments to the existing remuneration of KMP and Senior Management will be approved by the committee and recommended to the Board.
- While determining the remuneration/ compensation/ benefits, etc. to the whole-time Directors, KMP and Senior Management personnel and other employees, the Committee shall keep in mind the following criteria:

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- That the remuneration is aligned with market when compared to relevant peer companies
- Understandable and valuable to the talent the Company wishes to attract, motivate, engage and retain.

2. Remuneration to Non-Executive Directors (NEDs)/Independent Directors

Under the SEBI Listing Regulation, every Company require to publish its criteria of making payments to NEDs in its annual report. Alternatively, this may be put up on the Company's website and reference may be drawn thereto in its annual report. Section 197 of the Companies Act, 2013 and Regulation 17(6)(a) of SEBI Listing Regulation require the prior approval of the shareholders of a company for making payment to its NEDs.

In keeping with the above, any fee/remuneration payable to the NEDs of the Company shall abide by the following:

Sitting Fee:

The non-executive Director(s) may receive Sitting fees for attending meetings of the Board or Committee there of or any other meeting as required by Companies Act, 2013, SEBI Listing Regulations or other applicable law as may be decided by the board from time to time.

Remuneration:

Section 197 of the Companies Act, 2013, allows a Company to pay remuneration (excluding sitting fees) to its NEDs at a specified percentage of net profits of the Company, subject to the prior approval of the shareholders of the Company. Remuneration referred to above, may be paid to non- executive Directors as may be decided by the Board of Directors of the Company from time to time, depending on the extra time that may be devoted and contributions made by the Non-Executive Directors to the Company.

Commission:

Under the Companies Act, 2013, Section 197 allows a company to pay remuneration to its NEDs either by way of a monthly payment or at a specified percentage of the net profits of the company or partly by one way and partly by the other.

Further, the section also states that where the company has either managed director or whole-time director or manager, then a maximum of 1% of its net profits can be paid as remuneration to its NEDs. In case there is no managing director or whole-time director or manager, then a maximum of 3% of net profit can be paid. Thus, the basis of payment to the NEDs is the net profit of the Company.

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Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the Nomination and Remuneration Committee and approved by the Board. However, the Company is not obligated to remunerate its NEDs.

Refund of Excess Remuneration Paid:

If any such Director draws or receives, directly or indirectly, by way of fee/remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, such remuneration shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company.

Reimbursement of Actual Expenses Incurred:

NEDs may also be paid / reimbursed such sums incurred as actual for travel, incidental and / or actual out of pocket expenses incurred by such Director / Member for attending Board / Committee Meetings as may be decided by the board from time to time.

Payment to Independent Directors:

An Independent Director shall not be entitled to any stock option and shall receive Sitting fees and reimbursement of expenses for participation in meetings of the Board or committee thereof and profit related remuneration up to a specified percentage of net profits in such proportion, as may be permissible under the Companies Act, 2013 and any other applicable law at the discretion of the Board. The above criteria and policy are subject to review by the Nomination & Remuneration Committee and the Board of Directors of the Company from time to time.

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3. Performance Evaluation of Board, Committee(s) and Directors

The Committee shall determine a process and criteria for evaluating the performance of every Director, Committees of the Board and the Board on an annual basis. The Committee shall also review its own performance on an annual basis. The Committee may seek the support and guidance of external experts and agencies for this purpose.

8. DISCLOSURE OF THE POLICY ON PUBLIC DOMAIN

This Policy and every subsequent modification, alteration or amendment made thereto, shall also be intimated to the Stock Exchange where the securities of the Company are listed and also published on the official website of the Company.

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9. REVIEW AND CHANGES

The Board of Directors on the recommendation of the Committee is authorized to amend or modify this Policy in whole or in part as and when deemed necessary, to stipulate further guidelines, procedures and rules, from time to time.

10. APPROVED AND ADOPTED

This Policy has been adopted by the Board of Directors of the Company in its meeting held on February 14, 2022 and the Policy shall be effective from February 14, 2022.

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