

## **NOMINATION AND REMUNERATION POLICY**

### **A. STATUTORY MANDATE**

This Nomination and Remuneration Policy of ASL Industries Limited is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

### **B. SCOPE**

All the Words and expressions used in this Policy, unless defined hereinafter, shall have meaning respectively assigned to them under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended from time to time.

### **C. DEFINITION**

“**Act**” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

“**Board of Directors**” or “**Board**” means the Board of Directors of ASL Industries Limited, as constituted from time to time.

“**Company**” means ASL Industries Limited.

“**Committee**” means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.

“**Key Managerial Personnel**” mean Chairman, Whole Time Directors, Chief Executive Officer, Joint Chief Financial Officer and Company Secretary & Compliance Officer of ASL Industries Limited.

**“Listing Regulations”** mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications, circulars or re-enactment thereof.

**“Material Event” or “Material Information”** shall mean such event or information as set out in the Schedule or as may be determined in the Policy. In the Policy, the words, “material” and “materiality” shall be construed accordingly.

**“Policy”** or “This policy” means Nomination and Remuneration Policy.

**“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.

**"Schedule"** means a Schedule III of (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**“Senior Management Personnel”** means to include all senior officers just below the board level other than Whole-time Directors. Senior management to include one level below 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 Companies Act, 2013, the Regulations or any other applicable law or regulation to the extent applicable to the Company.

#### **D. CONSTITUTION**

The Board has constituted the “Nomination and Remuneration Committee”. This is in line with the requirements under the Act. This Policy and the Nomination and Remuneration Committee Charter are integral to the functioning of the Nomination and Remuneration Committee and are to be read together.

The Committee shall comprise at least three Directors, all of whom shall be Non-executive Independent Directors, the Chairperson being an Independent Director. The Chairperson of this Committee or in case of his absence, any other person authorised by him shall attend the general meetings of the Company. The quorum for the meeting shall be two (2) Independent Directors or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.

The Committee may meet, convene and conduct Committee meetings through video conferencing or audio-visual means, as may be provided by the Company.

The Board has authority to reconstitute this Committee from time to time. The nomination and remuneration Committee shall meet at least once a year.

**E. OBJECTIVE**

1. Identifying and evaluating potential candidate for balanced composition of the Board and the leadership team of the Company comprising Key Managerial Personnel (“KMP” as defined by the Companies Act, 2013) and Senior Management.
2. Oversight of the familiarisation programme of directors.
3. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
4. Determining the composition of the Board of Directors and the sub-committees of the board.
5. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
6. Specify Methodology for effective evaluation of performance of Board/committees/directors and to review implementation of evaluation system.
7. Carry out the evaluation of every Director’s performance and formulate criteria for evaluation of Independent Directors, Board/Committees of Board and review the term of appointment of Independent Directors on the basis of the report of performance evaluation of Independent Directors; 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.

8. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
9. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
10. To develop a succession plan for the Board and to regularly review the plan.
11. To assist the Board in fulfilling responsibilities.
12. To Implement and monitor policies and processes regarding principles of Corporate Governance.
13. Overall responsibility of approving and evaluating the compensation plans, policies and programs for all the Executive Directors and Senior Management Personnel.
14. Devising a policy on diversity of board of directors
15. Deciding 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.
16. Undertake any other matters as the Board may decide from time to time.

**F. CRITERIA FOR APPOINTMENT OF DIRECTOR AND SENIOR MANAGEMENT**

The Committee shall consider the following factors for identifying the person who are qualified to becoming Director and who can be appointed in senior management:

- a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

- b. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c. 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.
- d. The Company shall not appoint or continue the employment of any person as Whole-time Director 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.
- e. The Company should ensure that the person so appointed as Director/ Independent Director/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder, or any other enactment for the time being in force.
- f. The Director/ Independent Director/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder, or under listing regulations or any other enactment for the time being in force.
- g. Independent Director shall meet all criteria specified in Section 149(6) of the Companies Act, 2013 and rules made thereunder and/or as specified in Regulation 25 of the listing regulations.

**G. TERM/ TENURE**

**a. Managing Director/Whole-time Director**

The Company shall appoint or re-appoint any person as its Managing Director and CEO or whole- time Director as per the relevant laws.

**b. Non-Executive Director**

Non-executive director's office is subject to retirement by rotation at the Annual general meeting in the manner as specified under relevant laws.

#### **c. 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 upto 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.

#### **d. Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground, the Committee may recommend to the Board for removal of a Director or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

#### **e. Retirement**

The Director and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will save the discretion to retain the Director or Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

### **H. PERFORMANCE EVALUATION**

The provisions relating to the performance evaluation of the Directors and the Board are as follows:

1. Nomination and Remuneration Committee to carry out evaluation of every Directors Performance - Sec 178(2) of the Act.
2. Independent Directors to bring objective view in evaluation of performance of Board and Management - Schedule IV (II) of the Act.

3. Performance evaluation of Independent Directors shall be done by entire Board of Directors excluding the Director being evaluated - Schedule IV of the Act and Regulation 17(10) of Listing Regulations.
4. Disclosure in Board Report a statement indicating the manner in which formal annual evaluation of the performance has been made of Board, its Committees and of individual Directors - Section 134(3)(p) of the Act.

**I. CRITERIA FOR EVALUATION OF THE BOARD, ITS COMMITTEES & INDIVIDUAL DIRECTORS**

Pursuant to the provisions of the Companies Act, 2013, the Nomination and Remuneration Committee of the Board is required to carry out annual evaluation of Board, its committees and individual Directors.

For annual performance evaluation of the Board as a whole, its Committee(s) and individual Directors including the Chairman of the Board, the Company shall formulate a questionnaire to assist in evaluation of the performance. Every Director has to fill the questionnaire related to the performance of the Board, its Committees and individual Directors except himself. On the basis of the response to the questionnaire, a formal annual evaluation shall be made by the Nomination and Remuneration Committee of the performance evaluation of the Board and that of its Committees and individual Directors.

**J. POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL**

**1. Remuneration to Managing/ Whole-Time / Executive/Managing Director, KMP and Senior Management Personnel:**

The Remuneration/ Compensation/ Commission etc. to be paid to Director/Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

**2. Remuneration to Non-Executive/Independent Director:**

The Non-Executive Independent Director may receive remuneration/ compensation/commission as per the provisions of the Companies Act, 2013. The amount of sitting fees shall be subject to limits as provided under the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

### **3. Remuneration to other Employees:**

- Apart from the Directors, KMPs and Senior Management Personnel, the remuneration for rest of the employees is determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity and market conditions.
- The various remuneration components, basic salary, allowances, perquisites etc. may be combined to ensure an appropriate and balanced remuneration package.
- The annual increments to the remuneration paid to the employees shall be determined based on the appraisal carried out by the HODs of various departments. Decision on Annual Increments shall be made on the basis of this appraisal.

### **K. MEETINGS**

The Committee will meet at least once a year. Additional meetings may happen as the Committee deems it appropriate and advisable. The Committee members shall be furnished with copies of the minutes of each meeting. The Committee may meet in person or through other methods like video conferencing, audio conferencing etc as may be permitted by law from time to time.

### **L. QUORUM**

The quorum shall be two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.

### **M. POLICY REVIEW AND AMENDMENT**

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit. The Company Secretary being the Compliance Officer is also authorized to make amendment in this policy, where there is any statutory changes necessitating the amendment in the policy.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.



#### **N. LIMITATION**

In the event of any conflict between the provisions of this Policy and the Listing Regulations; Companies Act, 2013; Regulations or any other statutory enactments, rules, the provisions of such Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy and the part(s) so repugnant shall be deemed to be severed from the Policy and the rest of the Policy shall remain in force.

#### **O. DISCLOSURES**

The following disclosures are required under Companies Act, 2013 and the listing regulations:

- Nomination and Remuneration Policy shall be disclosed in the Board's Report (Section 178(4) of the Act)
- Company shall disclose the Criteria for performance evaluation of Independent Directors, as laid down by Nomination Committee, in its Annual Report. (Regulation 34 read with Schedule V of Listing Regulations)
- All pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company shall be disclosed in the Annual Report. (Regulation 34 read with Schedule V of listing regulations)
- Disclosures on the remuneration of Directors shall be made in the section on the corporate governance of the Annual Report.
- The Company shall publish its criteria of making payments to Non-Executive Directors in its annual report. (Regulation 34 read with Schedule V of listing regulations)
- The Company shall disclose the number of shares and convertible instruments held by Non-Executive Directors in the annual report. (Regulation 34 read with Schedule V of listing regulations)
- Senior management shall make disclosures to the Board relating to all material financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large. (Regulation 26 (5) of listing regulations)

- The Company shall disclose in the Board's report, the ratio of the remuneration of each Director to the median employee's remuneration and such other details as may be prescribed under Rule 5 of the Companies (appointment and Remuneration of Managerial Personnel) Rules, 2014. (Section 197(12) of the Act).

**P. WEBSITE**

This Policy shall be hosted on the website of the Company and address of such web link thereto shall be provided in the Annual Report of the Company.

\*\*\*\*\*