

ASHNOOR TEXTILE MILLS LIMITED
NOMINATION AND REMUNERATION POLICY

1. Background

- a) The objective of Nomination and Remuneration Policy is to ensure rationale and objectivity in the remuneration of the Directors, Senior Management, & employees of the Company. The Policy also intends to bring in a pragmatic methodology in screening of candidates who may be recommended to the position of Directors and to establish effective evaluation criteria to evaluate the performance of every Director and the overall Board of the Company.
- b) The Policy also serves as a guiding principle to ensure good Corporate Governance as well as to provide sustainability to the Board of Directors of the Company.

2. Framework

- a) The requirement of formulating a Nomination and Remuneration Policy stems out from the provisions of the Companies Act, 2013, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.
- b) Any other Law and Statue as may be applicable for the time being in force.

3. Objective

- a) To identify suitable persons, interview them, if necessary, and recommend them as suitable candidates to fill up vacancies on the Board or augment the Board and Senior Management.
- b) To develop a policy to ensure the optimum composition of the Board of Directors ensuring a mix of knowledge, experience and expertise from diversified fields of knowledge i.e. Policy on Board Diversity. The Policy also intends to add professionalism and objectivity in the process of deciding Board membership.
- c) To lay down criteria for the evaluation of the Board.
- d) To formulate a criteria for determining qualifications, positive attributes and independence of a Directors and recommend to the Board a Policy thereon.
- e) To formulate criteria for evaluation of Directors.

4. Eligibility Criteria for recommending a candidate to be appointed on the Board of Directors

The Nomination and Remuneration Committee may consider educational qualification, experience/expertise, disqualifications, fit and proper criteria and other eligible criteria, while considering the credentials of potential candidates for Directorship in the Company.

The Committee shall undertake such Due Diligence exercise at the time of appointment as well as the time of renewal/re-appointment of the Directorships of the incumbent.

The Committee shall consider an Independent Director, in relation to a Company, means a director other than a Managing Director or a whole-time director or a nominee director-

- a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b) (i) who is or was not a promoter of the company or its holdings, subsidiary or associate Company;
- (ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;

- c) who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- d) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e) who, neither himself nor any of his relatives-
- (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of-
 - a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
 - (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
 - (iv) is a Chief Executive or director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or
 - (v) is a material supplier, service provider or customer or a lessor or lessee of the Company.
- f) who possesses such other qualifications as may be prescribed.

5. Remuneration Policy

I. Board Level Remuneration Structure

1. For Executive Directors (MD and Whole-Time Director)- The remuneration will be paid as approved from time to time subject to the approval of the Board and Shareholders, as the case may be, and as per the applicable provisions of Companies Act, 2013 and under any other Act/ Rules/ Regulations for the time being in force.

2. In case of Non-Executive / Independent Directors-

Sitting Fees- The Non-Executive/Independent Directors shall be paid sitting fees for attending each meeting of the Board and various Committee/s of Directors, if the Board so decide. The Sitting Fees may be determined/revised by the Board of Directors from time to time subject to the overall limits as prescribed under the applicable provisions of the Companies Act, 2013.

Commission: The Company may also pay commission to any or all the Non-Executive/Independent Directors not exceeding 1% of profit of the Company for the year calculated as per provisions of section 198 of the Companies Act, 2013 and approved by the members by passing of special resolution in general meeting

In case of Key Managerial Personnel and other Employees- The pay structure of all the regular employees shall be as per the pay scale which is in force and is in conformity with The Payment of Wages Act, 1936, The Minimum Wages Act, 1948 and Equal Remuneration Act, 1976.

6. Monitoring and Evaluation

The Nomination and Remuneration Committee shall evaluate the performance of the Directors and the overall Board broadly on the basis of below mentioned criteria:

- Whether the Directors / Board have acted in accordance with the provisions of the Articles of Association of the Company.
- The Committee shall assemble all information regarding a candidate's background and qualifications to determine if the candidate possesses or satisfies the minimum skills and qualifications that a director must possess.
- The Committee shall evaluate a candidate's mix of skills and qualifications and determine the contribution the candidate could be expected to make to the overall functioning of the Board.
- The Committee shall give due consideration to the overall Board balance of diversity of perspectives, backgrounds and experiences.
- With respect to current directors, the Committee shall consider past attendance at meetings and assess the participation in and contributions to the activities of the Board.
- Whether the Directors / Board have acted in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company, its employees, the shareholders, the Community and for the protection of environment.
- Whether the Director / Board has exercised their duties with due and reasonable care, skill and diligence and whether the Director / Board have exercised independent judgment.
- Whether the Director / Board have involved in a situation in which he/they may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
- The Committee shall recommend director to the Board based on its assessment of overall suitability to serve on the Board in accordance with this Policy.

7. Board Diversity

- The Nomination and Remuneration Committee shall ensure that the Board comprises of Directors from diversified fields of knowledge and experience.
- The Board should have Directors who can add professionalism and objectivity in the decision making process.
- The overall Board should reflect representatives from areas like finance, law, media, accountancy, economics, administration, and other disciplines concerning the operational interests of the Company at large.

Review and Amend the Policy

The Board of Directors reserves the power to review and amend this Policy from time to time consistent with the applicable laws including any modification/substitution/ alteration thereto from time to time, and must be approved in the manner as may be decided by the Board of Directors.