

**NOMINATION AND REMUNERATION  
POLICY  
OF**

**ASHAPURA MINECHEM LIMITED  
(CIN: L14108MH1982PLC026396)**

## **Nomination and Remuneration Policy**

### **1. PREAMBLE**

Pursuant to Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board of Directors of every listed Company shall constitute the Nomination and Remuneration Committee. The Company already constituted the Remuneration Committee comprising of three non-executive Independent Directors as required under Listing Agreement. In order to align with the provisions of the Companies Act, 2013 and the amended Listing Agreement, from time to time, the Board of Directors at its meeting held on 29<sup>th</sup> May 2014 renamed the “Remuneration Committee” as “Nomination and Remuneration Committee. However, the composition of the Committee and the duties/functions assigned to such Committee remained the same with additional duties/functions as may be entrusted in pursuance to the provisions of the new Companies Act, 2013.

In pursuance of the Company’s policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel, Senior Management and other employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges (as amended from time to time), this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management has been formulated by the Nomination and Remuneration Committee (“NRC”) and approved by the Board of Directors of the Company vide its resolution passed at the meeting held on 13<sup>th</sup> November, 2014.

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement.

### **2. DEFINITIONS**

- i. **“Act”** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- ii. **“Board”** means Board of Directors of the Company.
- iii. **“Company”** means Ashapura Minechem Limited.
- iv. **“Directors”** mean Directors of the Company.
- v. **“Key Managerial Personnel”(KMP)** means
  - a. Chief Executive Officer or the Managing Director or the Manager or the Whole-time director;
  - b. Chief Financial Officer; and
  - c. Company Secretary;
- vi. **“Senior Management”** means personnel of the Company other than KMP who are members of its core management team excluding the Board of Directors. This would include all members of management one level below the Executive Directors including all functional heads.

- vii. **“Committee”** means the Nomination and Remuneration Committee of the Company.

### **3. OBJECTIVE**

The objective of this Policy is to lay down a framework in relation to remuneration of Directors, KMP, Senior Management Personnel and other employees.

The Key Objectives of the Committee would be:

- i. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management Personnel.
- ii. 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.
- iii. Formulation of criteria for evaluation of Independent Director and the Board.
- iv. To ensure evaluation of the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- v. Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- vi. To select industry in similar line of business against which to benchmark/compare the Company's compensation systems for its officers elected by the Board;
- vii. To devise a policy on Board diversity
- viii. To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.
- ix. To perform such other functions as may be necessary or appropriate for the performance of its duties.

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, Listing Agreement and/or any other SEBI Regulation(s) as amended from time to time.

### **4. ROLE OF THE COMMITTEE**

#### **I. Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee**

The Committee shall:

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- ii. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down and recommend to the Board their appointment and removal.

#### **II. Membership**

- i. The Committee shall consist of a minimum three (03) non-executive directors, majority of them being independent.
- ii. Membership of the Committee shall be disclosed in the Annual Report.
- iii. Term of the Committee shall be continued unless otherwise terminated by the Board of Directors.

### **III. Chairperson**

- i. The Chairperson of the Committee shall be an Independent Director.
- ii. The Chairperson of the Company may be appointed as a member of the Committee but shall not Chair such Committee.
- iii. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- iv. The Chairperson of the Nomination and Remuneration Committee could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

### **IV. Frequency of Meetings**

The meeting of the Committee shall be held at such regular intervals as may be required.

### **V. Committee Members' Interests**

- i. A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- ii. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

### **VI. Secretary**

The Company Secretary of the Company shall act as Secretary of the Committee.

### **VII. Voting**

- i. Matters arising for determination at the Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- ii. In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## **VIII. Minutes of Committee Meeting**

The Proceedings of all meetings must be minuted and signed by the Chairperson of the said Meeting or the Chairperson of the next succeeding meeting. The Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

## **5. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL**

### **A. Appointment criteria and Qualifications:**

- i. 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 his/her appointment to the Board.
- ii. Appointment of a Person to the position of Director (including Independent Director) shall be subject to compliance of the provisions of the Companies Act 2013, the Rules made thereunder and Clause 49 of the Listing Agreement; and any amendments made thereunder from time to time.
- iii. The Person should possess adequate qualifications, skills, regional and industry experience, expertise, background and other qualities for the position he/she is considered for appointment.
- iv. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient/satisfactory for the concerned position.
- v. The Committee while considering appointment of the Person as a Director would also evaluate the extent to which the person is likely to contribute to the overall effectiveness of the Board, how such person will enhance the skill sets and experience of the Board as a whole; work constructively with the existing directors and thus enhance the efficiencies of the Company;
- vi. The Committee would also review the nature of existing positions held by the candidate including directorships or other relationships and the impact they may have on the candidate's ability to exercise independent judgment.
- vii. Personal specifications such as demonstrable leadership skills, decision making ability, hard work, commitment to high standards of ethics, personal integrity and probity; commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace; and having continuous professional development to refresh knowledge and such other attributes which in the opinion of the Committee are in the best interest of the Company.

In addition to the above, the Committee shall have discretion to amend; and consider and fix any other criteria or norms for selection of the most suitable candidate/s for the office of Directors, KMPs or Senior Management Personnel, from time to time.

**B. Evaluation:**

The Committee shall ensure that the evaluation of performance of every Director is carried out as per the Performance Evaluation Policy at regular interval (yearly) or as may be deemed fit by the Board.

**C. Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013 or under any other applicable Act, rules and regulations thereunder, 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.

**D. Retirement:**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director/KMP in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**6. POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR/MANAGING DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL**

**A. General:**

- i. The remuneration/compensation/commission etc. to the Whole-time Director/Managing Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval wherever required as per the law. The remuneration/compensation/commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- ii. The remuneration and commission to be paid to the Whole-time Director/Managing Director shall be in accordance with the percentage/slabs/conditions as per the provisions of the Act.
- iii. Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director/Managing Director. Increments will be effective as per the Policy framed by the Company in this regard.

- iv. Where any insurance is taken by the Company on behalf of its Whole-time Director, Managing Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

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

**i. Fixed pay:**

The Whole-time Director/Managing Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the provisions of the Act and Rules made thereunder for the time being in force. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees, etc. shall be decided and approved by the Board/the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

**ii. Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director, Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government, if required as per provisions of Section 197 of the Act.

**iii. Provisions for excess remuneration:**

If any Managing Director, Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by provisions of Section 197 of the Act including any amendments from time to time.

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

**i. Remuneration / Commission:**

The remuneration/commission shall be fixed in accordance with the provisions of the Articles of Association of the Company and the Act.

**ii. Sitting Fees:**

The Non- Executive/Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Act, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

**iii. Commission:**

Commission may be paid within the monetary limit approved by the shareholders, subject to the limit not exceeding 1% of the Net Profits of the Company computed as per the applicable provisions of the Act, as amended from time to time.

**iv. Stock Options:**

Pursuant to the provisions of the Act, an Independent Director shall not be entitled to any stock option of the Company.

**D. Remuneration to KMP and Senior Management Personnel:**

The KMP, Senior Management Personnel and other employees of the Company shall be paid monthly remuneration as per the Company's HR policies and/or as may be approved by the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F., pension scheme, medical expenses, club fees etc. shall be as per the Company's HR policies, framed & applicable from time to time.

If the provisions of the Act, Rules made thereunder and any other relevant regulations require that remuneration of KMPs or any other officer is to be specifically approved by the Committee and/or the Board of Directors then such approval will be accordingly procured.

**7. REVIEW AND AMENDMENT**

- i. The Committee or the Board may review the Policy as and when it deems necessary.
- ii. The Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
- iii. This Policy may be amended or substituted by the Committee or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.