



ASHIMA LIMITED

NOMINATION AND REMUNERATION POLICY

(Lastly revised by Board of Directors on 13th February, 2025)

1. Introduction:

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 approved by the Board of Directors.

2. Definitions:

The words "Board" and "Key Managerial Personnel" shall have the meaning as defined in the Companies Act, 2013 ("the Act").

The word "Independent Director" shall have meaning as defined in the SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 ["SEBI (LODR) Regulations"] and the Act.

"Senior Management" shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the 103[persons identified and designated as key managerial personnel, other than the board of directors, by the listed entity].

3. Constitution, Quorum, Periodicity of the meeting and Role of the Nomination and Remuneration Committee (NRC):

A. Constitution

Nomination and Remuneration Committee shall consist of atleast three or more non- executive directors out of which not less than two-third shall be independent directors.

B. Quorum:

The quorum for a meeting of the NRC shall be in due compliance of the provisions, if any, of the Act and/or SEBI (LODR) Regulations.

C. Periodicity of the Meeting:

The NRC shall meet as and when required. However, it shall meet at least once in a financial year.

D. Role of the NRC:

The functions / role and scope of the committee shall include the following:-

- a) formulation of 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;

(b) 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:

- a. use the services of an external agencies, if required;
 - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c. consider the time commitments of the candidates.
- b) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- c) devising a policy on diversity of board of directors;
- 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 of directors their appointment and removal.
- e) 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.
- f) recommend to the board, all remuneration, in whatever form, payable to senior management.

4. Applicability:

The Policy is applicable to Directors (Executive and Non Executive), Key Managerial Personnel and Senior Management.

5. Policy on Board diversity:

The Board of Directors shall have the optimum combination of Directors from the different areas / fields like production, Management, Quality Assurance, Finance, Sales and Marketing, Supply chain, Research and Development, Human Resources etc or as may be considered appropriate. The Board shall have at least one Board member who has accounting or related financial management expertise and at least two members who are financially literate.

6. Appointment of Directors, KMP and Senior Management

Personnel: Director:

- a) Any person who in the opinion of the Board is not disqualified under section 164 of the Act and who possesses ability, integrity, relevant expertise and experience can be appointed as director of the Company.
- b) Any person who is proposed to be appointed as Independent Director shall meet the criteria of independence and possess qualifications as specified in the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16 of SEBI (LODR) Regulations.
- c) The Company shall take adequate declarations from prospective candidate about his eligibility.

KMP / Senior Management Personnel:

The Company has an 'Organisation Chart' including KMP, Senior Management Personnel and other positions. Each of the position has been identified with requisite qualifications and experience commensurate with the size of Company's business and complexity of operations. The positions are filled in as per the requirements of the business.

7. Term/ tenure:

- a) **Appointment of Managing Director /Executive Director /Whole Time Director:** The Company shall appoint or re-appoint any person as its Managing Director, Executive Director or a Whole Time Director 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.

- b) **Appointment of 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, 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 in accordance with the limits, if any, specified in the Act and/ or the SEBI (LODR) Regulations.

8. Retirement:

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

9. Removal:

Due to reasons of any disqualification mentioned in the Act or under any other applicable law, rules and regulations thereunder, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said law, Act, rules and regulations.

10. Remuneration for the Managing Director/Executive Director /Whole Time Director, Key Managerial Personnel and Senior Management:

- a) The Managing Director / Executive Director /Whole Time Director, KMP and Senior Management shall be eligible a monthly remuneration as may be approved by the Board on the recommendations of the Committee. The breakup of the pay scale and quantum of perquisites etc. shall be decided and approved by the Board / the Person authorized by the Board on the recommendations of the Committee and also approved by the shareholders and Central Government, wherever required.
- b) The total fixed salary should be fair and reasonable after taking into account scope of duties, the role and nature of responsibilities, level of skill, knowledge and experience of individual, Company's performance and growth, market trend, etc.
- c) If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director, Executive Director or Whole time Director in accordance with the provisions of the Act and Schedule V of the Act.
- d) If Managing Director, Executive Director or 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 necessary approval as may be required under the Act, he / she shall refund such sums to the Company, within two years or such lesser period as may be allowed by the Company and until such sum is refunded, hold it in trust for the Company.

- e) Company shall not waive recovery of such sum refundable to it unless approved by the Company by special resolution within two years from the date the sum becomes refundable.
- f) The Non- Executive Director / Independent Director may receive remuneration in terms of the provisions of the Act and/or SEBI (LODR) Regulations, as may be recommended by the Committee and approved by the Board of Directors and Shareholders, where required. Such Directors may receive fees for attending meetings of Board or any committee thereof, provided that the amount of such fees per meeting of the Board or any committee shall not exceed the amount as may be prescribed by the Central Government from time to time.

11.Evaluation:

The Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Committee or by an independent external agency and review its implementation and compliance in accordance with the provisions of applicable law.

The criteria for evaluation of performance as determined by the Committee are as under:

A) Criteria of Evaluation for Independent Director and Non Independent Director

- a) For independent directors: The Independent Directors may be evaluated on the basis of following criteria;
 - a. Qualification, Experience and Knowledge & Competency.
 - b. Availability & Attendance and Fulfillment of functions assigned by the Board / Law
 - c. Commitment, Contribution and Integrity.
 - d. Independence, Independent views and judgment etc.
 - e. Compliances with policies of the company, Code of Conduct & Ethics.
- b) For Non-Independent Directors: The non-independent directors may be evaluated on the basis of following criteria;
 - a. Qualification, Experience and Knowledge & Competency.
 - b. Initiative and Team work
 - c. Availability & Attendance,
 - d. Commitment, Contribution and Integrity
 - e. Compliances with policies of the company, Code of Conduct & Ethics.

B) Criteria of Evaluation for Chairperson

- a. Qualification, Experience and Knowledge & Competency.
- b. Leadership effectiveness and ability to steer the meetings
- c. Impartiality and Commitment
- d. Ability to keep shareholders' interest in mind
- e. Initiative, Commitment & Contribution to Board process

C) Criteria for evaluation for Board as a whole

- a. Structure of Board: Competency, Experience, Qualification, Diversity and procedure to appointment.
- b. Meeting of the Board: Regularity, Frequency, Agenda, Discussion, Recording of minutes, Dissemination of information.
- c. Function of the Board: Role and Responsibility, Governance & Compliance, Evaluation of Risk, Grievance redressal for investors, Stakeholder value and responsibility, Review of Board Evaluation and Facilitation of Independent Directors.
- d. Board and Management: Evaluation of performance of the management, Secretarial Support and succession plan etc.
