



Aanchal Ispat Limited



NOMINATION AND REMUNERATION POLICY **OF DIRECTORS, KEY MANAGERIAL** **PERSONNEL AND OTHER EMPLOYEES**

(As amended by the Board of Directors in its meeting held on 30th May, 2018)



BACKGROUND:

The Company considers human resources as its invaluable assets. The policy on nomination & remuneration of Directors, Key Managerial Personnel (KMPs) and other employees has been formulated in terms of the provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 in order to pay equitable remuneration to the Directors, KMPs and employees of the Company and to harmonise the aspirations of human resources consistent with the goals of the Company. This policy has been formulated by the Committee and approved by the Board of Directors.

DEFINITIONS:

- **“Act”** means “The Companies Act, 2013” and Rules framed thereunder, as amended from time to time
- **“Company”** means Aanchal Ispat Limited.
- **“Board”** means Board of Directors of the Company.
- **“Directors”** mean Directors of the Company.
- **“Committee”** means Nomination and Remuneration Committee of the Company as constituted or re-constituted by the Board, in accordance with the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.
- **“Key Managerial Personnel”** means:
 - Chief Executive Officer or the Managing Director or the Manager;
 - Whole-time director;
 - Chief Financial Officer;
 - Company Secretary; and
 - Such other officer as may be prescribed under the statutory applicable regulations /provisions.
- **“Senior Management”** means Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors and all members of the management two levels below executive directors, including the functional head. Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

APPLICABILITY

The Policy is applicable to:

- Directors (Executive and Non Executive)
- Key Managerial Personnel
- Senior Management Personnel.



GENERAL

This Policy is divided in three parts:

- **Part – A** covers the matters to be dealt with and recommended by the Committee to the Board;
- **Part – B** covers the appointment and nomination; and
- **Part – C** covers remuneration and perquisites etc.
- The Key features of this Company's Policy shall be included in the Boards' Report.

PART-A

MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY NOMINATION & REMUNERATION COMMITTEE

- The role of the nomination and remuneration are as follows:
 - 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;
 - formulation of criteria for evaluation of performance of independent directors and the board of directors;
 - devising a policy on diversity of board of directors;
 - 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;
 - 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.

PART-B

POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

Qualifications for appointment of Directors (including Independent Directors):

- 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.
- 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.
- 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.

Term / Tenure

A) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive 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) 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 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 Director of a listed company or such other number as may be prescribed under the Act.

Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

Removal

Due to reasons for any disqualification mentioned in the Act 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.

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, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

PART C

POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

GENERAL

- The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company or Central Government, wherever required.
- The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.
- 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.
- Where any insurance is taken by the Company on behalf of its Whole-time 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 to any such personnel.

REMUNERATION TO WHOLE-TIME / EXECUTIVE / MANAGING DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

Fixed pay:

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. 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.



Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

Provisions for excess remuneration:

If any 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 the Central Government.

BOARD'S DIVERSITY POLICY

AIL recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between Directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All Board appointments, whenever required shall be made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. The Nomination and Remuneration Committee ('the Committee') shall review and assess Board composition on behalf of the Board and recommend the appointment of new Directors, whenever the need for the same arises.

REVIEW OF THE POLICY:

The policy shall be reviewed from time to time so that the policy remains compliant with applicable legal requirements. The Company Secretary will keep the policy updated as per applicable statutory guidelines.
