

ALIROX ABRASIVES LIMITED

Regd. Office: 4, Scindia House, Connaught Place, New Delhi-110 001

CIN: L74899DL1944PLC000759

NOMINATION AND REMUNERATION POLICY

- 1) **Objective:** This Policy is laid down to comply with the provisions of section 178 of the Companies Act, 2013 read along with the Rules made thereunder.
- 2) **Definitions:**
 - a. “Act” means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
 - b. “Board” means the Board of Directors of the Company.
 - c. “Directors” means the Directors of the Company as may be appointed from time to time.
 - d. “Independent Director” means a Director who has been appointed as such and who satisfies the criteria and conditions laid down in **S.149(6)** of the Companies Act, 2013.
 - e. “Key Managerial Personnel” (KMP) means the following persons as defined in **S.2(51)** of the Companies Act, 2013 and (i) Managing Director or Manger or Chief Executive Officer; (ii) Company Secretary; (iii) Whole-time Director; (iv) Chief Financial Officer; and (v) such other officer as may be prescribed.
 - f. “Senior Management Persons” (SMP) means the following persons, as defined in **Explanation to S.178(8)** of the Companies Act, 2013, being personnel of the Company who are members of its core management team, excluding Board of Directors, comprising all members of management, one level below the executive directors including all Functional heads.
- 3) **Constitution of the Committee and matters relating there to:**
 - (a) **Constitution:**
 - (i) The Committee shall consist of minimum 3 Non-Executive Directors, out of which not less than one half shall be Independent Director.
 - (ii) Minimum two members shall constitute a quorum for the meeting.
 - (iii) Constitution and membership of the Committee shall be disclosed in the Annual Report of the Company.
 - (iv) The Chairman of the Committee shall be an Independent Director.
 - (v) The Chairman of the Company may be nominated as a member of the Committee but shall not be its Chairman.
 - (vi) The Chairman of the Nomination and Remuneration Committee is required to be present at the Annual General Meeting or he may nominate some other member to answer the shareholders’ queries.
 - (b) **Frequency of Meetings:**

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

(c) Secretary:

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

(d) Procedure to be followed in meetings of the Committee:

- (i) A member of the Committee is not entitled to be present when his or her own remuneration is being discussed at the meeting or when his or her own performance is being evaluated.
- (ii) All matters shall be decided by a majority of votes cast by the members present and such decision shall for all purposes be treated as the decision of the Committee. In case of equality of votes, the Chairman shall have the casting vote.
- (iii) The Committee is also entitled to engage professionals to assist it in the performance of its duties and such costs shall be borne by the Company.
- (iv) Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

4) Role of the Committee:

The Committee shall :-

- (a) Formulate the criteria for determining qualifications, positive attributes and independence of a director. [S.178(3)].
- (b) Recommend to the Board, a Policy relating to Remuneration of Directors, KMPs, and other employees [S.178(3)]. This Policy has to be disclosed in the Board's Report [S.178(4)]. As per S.178(4), while formulating this policy, Committee has to ensure that:-
 - (i) Level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the Directors of the quality required,
 - (ii) Relationship of remuneration to performance is clear, and meets appropriate performance bench marks,
 - (iii) Remuneration to Directors, KMPs, involves a balance between fixed and incentive pay, reflecting short and long term performance objectives, appropriate for the Company.
- (c) Carry out evaluation of every Director's performance. [S.178(2)]
- (d) Identify persons who are qualified to become Directors, and who may be appointed as KMPs / SMPs in accordance with the criteria laid down in this policy. [S.178(2)]
- (e) Recommend to the Board the appointment and removal of KMPs and SMPs, in accordance with the criteria laid down. [S.178(2)]

5) Policy on Remuneration:

(a) Directors (including MDs and WTDs):

- (i) It would have to be within the ceiling as may be prescribed by law from time to time.
- (ii) It would have to be with such approvals as may be prescribed by law.

- (iii) It shall involve a balance between fixed and incentive pay, reflecting short term and long term performance objectives.
 - (iv) In case of non WTDs, total remuneration payable in accordance with law, be distributed amongst themselves, keeping in view (a) Responsibilities (e.g Chairmanship / Membership of important Committees), (b) Tenure on the Board, (c) Devoting of time outside Board meetings, for Company's work etc, as may be decided by the Board.
- (b) KMPs and other employees:
- (i) It would be based on Total Cost to Company (TCTC) concept. Within this TCTC, it could be made flexible, as per the needs of employees, in a fair and transparent manner.
 - (ii) It would be in compliance with laws and regulations.
 - (iii) The level and composition of remuneration would be reasonable and sufficient to attract, retain and motivate to run the Company successfully and to meet performance benchmarks.
- 6) **Criteria for determining qualifications, positive attributes and independence of Directors:**
- (a) Criteria for determining independence would be as laid down in **S.149(6)** of the Act.
 - (b) No academic qualification is envisaged, but should be able to contribute positively to the deliberations at Board Meetings.
 - (c) The candidate to be appointed as an Independent Director shall be at least 21 years of age. All persons being appointed as Directors shall possess a Directors Identification Number (DIN).
 - (d) A person shall not be appointed as a Director if he is disqualified under section 164 of the Companies Act, 2013.
- 7) **Criteria for identifying persons for appointment as Key Managerial Personnel's:** -
- (a) Should fulfill the Job Description, for the relevant position, as may be in force from time to time.
 - (b) A person should possess adequate qualification, expertise and experience for the position before 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.
- 8) **Evaluation of every Director's performance:**
- (a) % attendance at Board Meetings.
 - (b) Participation in discussions.
 - (c) Preparedness for Board Meetings, by reading of the relevant papers.
 - (d) Contribution in terms of improving Business performance.
 - (e) Proactive availability for Company's business, besides Board meetings.

The Committee shall carry out evaluation of performance of every Director preferably at regular yearly intervals. For this purpose, the Board may engage the services of a professional for advising it on a process of evaluation, etc, and the cost of such professional shall be borne by the Company.

9) **General:**

- (a) The persons selected for the positions of Key Managerial Personnel and Senior Management Persons should have the desired qualifications, expertise and experience for the position he/she is considered for appointment. The Committee shall have the discretion to decide whether the qualifications, expertise and experience possessed by a person is sufficient for the concerned position.
- (b) The Committee shall approve the selection of candidates to the position of Key Managerial Personnel and Senior Management Persons recommend to the Board, his or her appointment.
- (c) The Committee shall not recommend the appointment of or continuation of appointment of any person to the position of a Managing Director and Whole-time Director or Manager who has attained the age of seventy years. In event it is decided by the Committee to breach the above age limit, the Committee shall make such recommendation subject to approval of shareholders by way of a Special Resolution [Sec 196(3)(a) and proviso thereto].
- (d) Term/Tenure of appointment of Directors, etc.:

- (i) Managing Director/Manager/Whole-time Director:

- The term of appointment or re-appointment of any person as a Managing Director/Whole-time Director or Manager shall not exceed five years at a time. The re-appointment shall not be made earlier than one year before the expiry of the current term of appointment. [Sec 196(3)]

- (ii) Independent Directors:

- An Independent Director shall hold office for a term upto five consecutive years and can be reappointed on passing of a Special Resolution by the Shareholders of the Company for a further term of five years. [Sec 149(10)]

- No Independent Director shall hold office for more than two consecutive terms. An Independent Director who has completed the two consecutive terms of appointment of five years each, can however be appointed as an Independent Director after the expiry of three years of his ceasing to become an Independent Director provided he otherwise qualifies for being appointed as an Independent Director. [Sec 149(11)]

- At the time of appointment of an Independent Director it should be ensured that he is not an Independent Director of more than seven listed companies. If however, the Independent Director is serving as a Whole-time Director of a listed company, then it should be ensured that he is not an Independent Director of more than three listed companies. [Clause 49(ii)(B)(2) of Listing Agreement]

(iii) Key Managerial Personnel/Senior Management Persons:

The term of appointment for the positions of Key Managerial Personnel except Managing Director/Whole Time Director or Manager, shall be determined by the Nomination and Remuneration Committee at its own discretion and may vary from position to position.

(e) Evaluation of Key Managerial Personnel and person in Senior Management persons:

The Committee shall carry out the evaluations of performance of the persons holding Key Managerial Personnel (excluding the Managing Director and Whole time Director) and Senior Management Persons and approve the same with or without modifications.

(f) Removal:

The Committee may recommend to the Board with reasons recorded in writing the removal of a Director, Key Managerial Personnel or Senior Management Persons for reasons of misconduct or negligence of duties.

A Director can be removed from his office if the shareholders pass an ordinary resolution pursuant to the provisions of section 169 of the Companies Act, 2013.

A Director shall also be required to continue to qualify as a Director in terms of a section 164 of the Act and is not liable to vacate his office in terms of section 167 of the Act.

(g) Retirement:

The Director, Key Managerial Personnel and Senior Management Persons shall retire as per the provisions of the Act and the Policy of the Company. Subject to the provisions of Clause 4(b), the Board will, however, have the discretion to retain the Director, Key Managerial Personnel and Senior Management Persons in the same position including remuneration or otherwise even after his attaining the age of retirement in the interest of the Company.

(h) The Remuneration policy will be disclosed in the Annual Report of the Company.

(i) This Remuneration Policy shall apply to all future employment agreements with members of Company's Senior Management including Key Managerial Personnel and Board of Directors. In other respects, the Remuneration Policy shall be of guidance for the Board.

(j) Any or all the provisions of this Policy would be subject to the revision/amendment in the Companies Act, 2013, related rules and regulations, guidelines on the subject as may be notified from time to time. Any such amendment shall automatically have the effect of amending this Policy without the need of any approval by the Nomination and Remuneration Committee and/or the Board of Directors. However, such amendments shall be placed before the Nomination & Remuneration Committee for subsequent noting.