



**AVI ANSH TEXTILE LIMITED**

**NOMINATION AND REMUNERATION POLICY**

## **NOMINATION AND REMUNERATION POLICY**

### **1. Introduction**

The Nomination & Remuneration Policy (“**Policy**”) of Avi Ansh Textile Limited (“**Company**”) is formulated under the Companies Act, 2013 (“**Act**”) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“**Listing Regulations**”) and other applicable laws (hereinafter referred to as “**Relevant laws**”).

### **2. Objective and Purpose**

The objectives and purpose of this Policy are:

- 2.1. To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a director (Whole-time/non-executive/independent) of the Company (“**Director**”); and
- 2.2. To recommend policy relating to the remuneration of the Directors, KMP and Senior Management to the Board of Directors of the Company (“**Board**”).

This includes reviewing and approving corporate goals and objectives relevant to the compensation of the whole-time Directors, evaluating their performance in light of those goals and objectives and either as a committee or together with the other independent Directors (as directed by the Board), determine and approve whole-time Directors’ compensation based on this evaluation; making recommendations to the Board with respect to KMP and Senior Management compensation.

### **3. Constitution of the Nomination and Remuneration Committee**

- 3.1. The Board has constituted the “Nomination and Remuneration Committee”. This is in line with the requirements under the Act. This Policy and the Nomination and Remuneration Committee Charter are integral to the functioning of the Nomination and Remuneration Committee and are to be read together.

The Board has authority to reconstitute this Committee from time to time.

### **4. Definitions**

- a. ‘Board’ means Board of Directors of the Company.
- b. ‘Directors’ means directors of the Company.
- c. ‘Committee’ means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable Listing Regulations.
- d. ‘Company’ means Avi Ansh Textile Limited.
- e. ‘Independent Director’ means a Director referred to in Section 149(6) Act and rules and Listing Regulations.
- f. KMP means following people, which includes people identified by the Company under provisions of the Act.
  - i) the Managing Director or Chief Executive Officer or manager and in their absence, a whole-time director;

- ii) the Company Secretary;
  - iii) the Chief Financial Officer; and
  - iv) Any other person as defined under the Act from time to time
- g. Senior Management means officers/personnel of the Company includes;
- i. Key Managerial Personnel
  - ii. One level below the Chief Executive Officer and Managing Director who are members of the core management and functional heads
  - iii. Any other officer as determined by the NRC and the Board from time to time.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Act and Listing Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.

## **5. 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 removal of Directors, KMP and Senior Management; and

Part – C covers remuneration for Directors, KMP and Senior Management

### **Part – A**

#### **Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee (“NRC”)**

The following matters shall be dealt with by the Committee: -

(a) Size and composition of the Board:

Periodically reviewing the size and composition of the Board to have an appropriate combination of executive non-executive and independent Directors to maintain its independence and separate its functions of governance and management and to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company;

The Committee shall also assist the Board in ensuring the Board nomination process is in line with the diversity policy of the Board relating to differences in thought, perspective, regional and industry experience, cultural and geographical background, age, ethnicity, race, gender, knowledge & skills including – expertise in financial, global business, leadership, technology, mergers & Acquisition, Board service, strategy sales and marketing, environment social & governance (“ESG”), risk and cyber security and other domains. The policy on Board diversity is available at website of the company.

(b) Directors:

Formulate the criteria determining qualifications, positive attributes of a Director and recommend candidates to the Board when circumstances warrant the appointment of a new Director, having regard to qualifications, integrity, expertise and experience for the position.

- (c) Succession plans:  
Establishing and reviewing Board, KMP and Senior Management succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management.
- (d) Evaluation of performance:
- (i) Make recommendations to the Board on appropriate performance criteria for the Directors.
  - (ii) Formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company.
  - (iii) Identify ongoing training and education programs for the Board to ensure that Non-Executive Directors are provided with adequate information regarding the business, the industry and their legal responsibilities and duties.
- (e) Remuneration framework and policies:  
The Committee is responsible for reviewing and making recommendations to the Board on:
- a. Remuneration of whole-time Directors to be presented for shareholders' approval including severance, if any.
  - b. Individual and total remuneration of non-executive Directors and the chairperson (if non-executive), including any additional fees payable for membership of Board committees;
  - c. the remuneration for KMP and Senior Management including base pay, incentive payments, equity awards, retirement rights, severance pay if any.

## **PART – B**

### **Policy for appointment and removal of Directors, KMP and Senior Management**

#### **(a) *Appointment criteria and qualifications***

1. The Committee shall ascertain the integrity, qualification, expertise and experience of the person identified for appointment as Director, KMP or Senior Management and recommend to the Board his/her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
2. A person to be appointed as Director, KMP or Senior Management should possess adequate qualification, expertise and experience for the position he / she is considered for.
3. A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise and insights in sectors / areas relevant to the Company, ability to contribute to the Company's growth and complementary skills in relation to the other Board members.
4. For every appointment of an independent director, the NRC 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.
5. 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
6. The Company shall appoint or continue the employment of a person as Managing Director /whole-time Director and non-executive Director who has not attained the maximum age of retirement as prescribed under relevant laws.

7. A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of the Company.

**(b) *Term / Tenure***

1. Managing Director / Whole-time Director

The Company shall appoint or re-appoint any person as its Managing Director and CEO or whole-time Director as per the relevant laws.

2. Non-Executive Director

Non-executive director's office is subject to retirement by rotation at the Annual general meeting in the manner as specified under relevant laws.

3. Independent Director

An Independent Director shall be appointed / re-appointed in the manner as specified under relevant laws.

**(c) *Removal***

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

**(d) *Retirement***

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the relevant laws. The Board will have the discretion to retain the Directors, KMP and Senior Management in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company, subject to approvals as required under the relevant laws.

**PART – C**

**Policy relating to the remuneration for Directors, KMP and Senior Management**

**(a) *General***

1. The remuneration / compensation / commission etc. to be paid to Directors will be determined by the Committee and recommended to the Board for approval.
2. The remuneration and commission to be paid to the Managing Director/Whole-time Director shall be in accordance with the provisions of the Act, and the rules made thereunder.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managing Director/ Whole-time Director.
4. Where any insurance is taken by the Company on behalf of its Directors, KMP and Senior Management 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 KMP and Senior Management**

1. The Board shall have the final authority to approve the remuneration based on recommendation of NRC.
2. The remuneration including revision in remuneration of other employees shall be decided by the board in consultation with the committee within the overall framework and appraisal practices of the Company.
3. The remuneration may include basic salary, allowances, perquisites, performance linked incentive, retirement benefits, joining / retention bonus, long-term or retention incentives, leave travel concessions, ex-gratia / one-time payments, medical benefits, housing / other loans at concessional rates, severance package or any other component / benefits as may be decided by the board.
4. The Key Managerial Personnel, Senior Management Personnel and other employees of the Company (not being a Director) shall also be eligible for grant of stock options, wherever deemed fit, under the applicable Employee Stock Option Scheme of the Company, as may be decided by the NRC from time to time.

**(c) Minimum remuneration to Managing Director or Whole-time Directors or Manager.**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director or Whole-time Directors or Manager in accordance with the provisions of Schedule V of the Act.

**(d) Remuneration to Non-Executive / Independent Directors**

Remuneration: The remuneration payable to each Non-Executive Director is based on the remuneration structure as determined by the Board, and is revised from time to time, depending on individual contribution, the Company's performance, and the provisions of relevant laws.

**AMENDMENT**

Any change in the Policy shall be approved by the Board of the Company. The Board shall have the right to withdraw and/ or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

In case any provisions of the Policy are contrary to or inconsistent with the provisions of the Companies Act, 2013, rules framed thereunder and Listing Regulations ("Statutory Provisions"), the provisions of Statutory Provisions shall prevail.

**DISSEMINATION OF THE POLICY**

The policy shall be hosted on the website of the Company i.e. [www.avianshgroup.com](http://www.avianshgroup.com)

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*Effective Date: March 14, 2024*

*Date of Approval by Board of Directors: March 14, 2024*

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