



ASTEC

ASTEC LIFESCIENCES LIMITED

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Nomination and Remuneration Policy

I. Preamble

Pursuant to Section 178 of Companies Act, 2013 ("the Act") and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), the Board of Directors of Astec LifeSciences Limited ("Astec/the Company") has constituted the Nomination and Remuneration Committee ("the Committee") comprising of all Non-Executive Directors.

II. Objective

The Committee and this Policy is framed in compliance with Section 178 of the Act read along with the applicable Rules thereto and Regulation 19 of the Listing Regulations. The Key Objectives of the Committee would be:

- a. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel (KMPs) and Senior Management.
- b. To evaluate the performance of the Members of the Board and provide necessary report to the Board for further evaluation of the Board.
- c. To recommend to the Board on Remuneration payable to the Directors, KMPs and Senior Management.
- d. To provide to KMPs and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- e. To retain, motivate and promote talent and to ensure long term sustainability of talented Managerial Persons and create competitive advantage.
- f. To devise a policy on Board diversity.
- g. To develop a succession plan for the Board and to regularly review the plan.

III. Definitions

“Act”: means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

“Board” means Board of Directors of the Company.

“Directors” mean Directors of the Company.

“Key Managerial Personnel” (KMPs) means:

- (i) Chief Executive Officer or the Managing Director or the Manager;
- (ii) Whole Time director;
- (iii) Chief Financial Officer;
- (iv) Company Secretary; and
- (v) such other officer as may be prescribed.

“Senior Management” means Senior Management means Personnel of the Company 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 the Functional Heads.

“Independent Director” means a Director referred to in Section 149 of the Companies Act, 2013.

IV. Role of Nomination and Remuneration Committee

The role of the Committee / Terms of Reference of the Committee is as under:

- a) Identify persons who are qualified to become Director and persons who may be appointed in Senior Management in accordance with the criteria laid down in this Policy, and recommended to the Board of Directors their appointment and removal.
- b) Formulate 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.
- c) Formulate criteria for evaluation of Independent Directors and the Board of Directors.
- d) Devising and reviewing the Policy on diversity of the Board of Directors.
- e) Decide 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) To perform such other functions as may be necessary or appropriate for the performance of its duties.

V. Appointment of Directors, KMPs and Senior Management

- **Criteria of selection of Non-Executive Directors:**

a. The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.

b. In case of appointment of Independent Directors, the Nomination and Remuneration Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.

c. The Nomination and Remuneration Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Act.

d. The Nomination and Remuneration Committee shall consider the following attributes / criteria, while recommending to the Board the candidature for appointment as Director.

- i) Qualification, expertise and experience of the Directors in their respective fields;
- ii) Personal, Professional or business standing;
- iii) Diversity of the Board.

e. In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance evaluation of the Director.

- **Criteria of selection of Managing Director / Whole Time Director:**

For the purpose of selection of the Managing Director and Whole Time Director, the Nomination and Remuneration Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board. The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Act or other applicable laws.

- **Criteria of selection of KMPs and Senior Management Personnel**

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment 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 are sufficient / satisfactory for the concerned position.

VI. Removal or Retirement of Directors, KMP and Senior Management

- **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.

VII. Remuneration of Directors, KMPs and Senior Management

- **Policy relating to the Remuneration for Executive and Non-Executive Directors**

(a) The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee Meetings and commission as decided by the committee, if any.

i) A Non-Executive Independent Director shall be entitled to receive sitting fees for each Meeting of the Board and Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;

ii) The Nomination and Remuneration Committee may recommend to the Board, the payment of commission on uniform basis, to reinforce the principles of collective responsibility of the Board;

iii) The Nomination and Remuneration Committee may recommend a higher commission for the Chairman and Managing Director of the Board of Directors, taking into consideration his overall responsibility;

iv) In determining the quantum of commission payable to the Directors, the Nomination and Remuneration Committee shall make its recommendation after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Director.

(b) The remuneration to the Executive Directors comprises a fixed salary and other perquisites (if any). The leave travel allowance is paid as per the Company's rules. Provident Fund and Superannuation are provided for as per the Company's policy. Wherever applicable the perquisites are considered as part of remuneration and taxed as per Income Tax Laws. The commission, if any, recommended to the Board by the Nomination and Remuneration Committee to the Board shall be paid to the Managing Director and the Whole Time Director in accordance with the provisions of the Act. The Nomination and Remuneration Committee deals with all elements of remuneration package, stock options, service contracts etc. of the Managing Director and the Whole Time Director.

- ***Remuneration to Executive Directors (Managing Director and Whole Time Director)***

i. At the time of appointment or re-appointment, the Managing Director and Whole Time Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the Nomination and Remuneration Committee and the Board of Directors) and the Managing Director and Whole Time Director within the overall limits prescribed under the Act.

ii. The remuneration shall be subject to the approval of the Shareholders of the Company in General Meeting.

iii. In determining the remuneration, the Nomination and Remuneration Committee shall ensure / consider the following:

a) the relationship of remuneration and performance benchmarks is clear;

b) balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;

c) responsibility required to be shouldered by the Managing Director and Whole Time Director, the industry benchmarks and the current trends.

• **Remuneration to KMPs and Senior Management Personnel:**

I. In determining the remuneration of the Senior Management Employees (i.e. Key Managerial Personnel and other Senior Management Employees), the Nomination and Remuneration Committee shall ensure / consider the following:

i. the relationship of remuneration and performance benchmark is clear;

ii. the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;

iii. the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;

iv. the remuneration including annual increment is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs / KPIs, industry benchmark and current compensation trends in the market;

II. The Managing Director will carry out the individual performance review of Key Managerial Personnel and Senior Management Employees, based on the standard appraisal matrix and shall take into account, the appraisal score and other factors mentioned hereinabove, whilst recommending the annual increment and performance incentive to the Nomination and Remuneration Committee for its review and approval.

VIII. Membership of Nomination and Remuneration Committee

a) The Committee shall comprise of at least 3 (three) Directors, all of whom shall be Non-Executive Directors and at least half shall be Independent Directors.

b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Act and applicable statutory requirement.

c) Minimum 2 (two) Members shall constitute a quorum for the Committee meeting.

d) Membership of the Committee shall be disclosed in the Annual Report.

e) Terms of the Committee shall be continued unless terminated by the Board of Directors.

IX. Chairperson

- a) Chairperson of the Committee shall be an Independent Director.
- b) Chairperson of the Company may be appointed as a Member of the Committee but shall not be a Chairman of the Committee.
- c) In the absence of the Chairperson, the Members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- d) Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the Shareholders' queries.

X. Frequency of Meetings

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

XI. Committee members' interests

- a) 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.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the Meetings of the Committee.

XII. Secretary

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

XIII. Nomination duties

The duties of the Committee in relation to nomination matters include:

- Ensuring that there is an appropriate induction in place for new Directors and Members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Independent Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- Determining the appropriate size, diversity and composition of the Board;
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their employment / service contract;
- Delegating any of its powers to one or more of its Members or the Secretary of the Committee;

- Recommend any necessary changes to the Board; and
- Considering any other matters, as may be requested by the Board.

XIV. Remuneration duties

The duties of the Committee in relation to remuneration matters include:

- to consider and determine the Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- to approve the remuneration of the Senior Management including KMPs of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- to delegate any of its powers to one or more of its members or the Secretary of the Committee.
- to consider any other matters as may be requested by the Board.

Amendment

Any change in the Policy shall be approved by the Board of Directors of the Company. The Board of Directors 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. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

Disclosure and Communication of this Policy

This Policy shall be posted on the website of the Company www.astecls.com.

Policy for evaluation of the Performance of the Board of Director of Astec LifeSciences Limited

1) Introduction

Astec LifeSciences Limited (hereinafter referred to as “the Company”) believes in conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour, in consonance with the Company’s Code of Conduct policy for its Employees and also for the Board of Directors. The honesty, integrity and sound judgement and performance of the Directors and the Senior Management are key criteria for the success and for building a good reputation of the Company. Each Director and executive in the Senior Management is expected to comply with the letter and spirit of this Policy. Apart from this Code, The Code of Conduct for Directors/Employees shall also be applicable, additionally and specifically to the Senior Management of the Company Mutatis Mutandis. Any actual or potential violation of these Codes by the Board Directors would be the matter of serious concern for the Company.

The Company has framed this policy in compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) and also the formal annual evaluation made by the Board of Directors of its own performance (self-appraisals) and that of its committees and individual Directors as mentioned under the clause (p) of sub-section (3) of Section 134 of the Companies Act, 2013 (“the Act”). The Nomination & Remuneration Committee (“the Committee”) shall evaluate the performance of the each Board of Director as per subsection (2) of Section 178 and based on the functions of the Board of Directors as indicated under Schedule IV (as per section 149) to the Act and the Rules made there under.

2) Definitions

- A. “the Act”: The Act shall mean The Companies Act, 2013;
- B. “the Company”: The Company shall mean Astec LifeSciences Limited.
- C. “the Director” or “the Board”: The Director or the Board, in relation to the Company, shall mean and deemed to include the collective body of the Board of Directors of the Company including the Chairman of the Company.
- D. “the Independent Director”: The Independent Director shall mean an Independent Director as defined under section 2 (47) to be read with section 149 of the Act.
- E. “the Policy” or “this Policy”: The policy or This Policy shall mean the Policy for Evaluation of performance of Board of Directors of the Company.
- F. “the Committee” or “this Committee”: The Committee or This Committee shall mean the Nomination and Remuneration Committee of the Board of Directors formed under the provisions of Section 178 of the Act.

3) OBJECTIVE

The Object of this policy is to formulate the procedures and also to prescribe and lay down the criteria to evaluate the performance of the entire Board of the Company.

4) VARIOUS KINDS OF PERFORMANCE EVALUATION

A. APPRAISAL SYSTEM: Appraisal is mandatory and will be done under the provision of the clause (p) of subsection (3) of Section 134.

Company shall follow the Board Evaluation framework as suggested by its holding Company, M/s. Godrej Agrovet Limited / as may be approved by the Nomination & Remuneration Committee of the Board of Directors from time to time.

Evaluation Framework shall cover the following areas:

BOARD PERFORMANCE

- 1) Structural
 - Board Composition and diversity
 - Roles and Responsibilities
- 2) Strategic Orientation
 - Strategic oversight
 - Performance metrics
 - Value creation
- 3) Board Functioning and Team Dynamics
 - Group dynamics
 - Board Meetings
 - Interaction with management

INDIVIDUAL EVALUATION

- Business Understanding
- Ethics
- Attendance and contribution at meeting
- Interaction and Communication
- Knowledge and Skills
- Godrej First

B. EVALUATION OF THE PERFORMANCE

The Committee shall evaluate the performance of each Board of Directors of the Company with reference of the authority under the Nomination and Remuneration Policy of the Company framed in accordance with the provisions of section 178 of the Act and based on their functions as mentioned in the Code of Conduct of the Directors and the criteria for the evaluation of the performance as prescribed in this policy.

Evaluation of Independent Director shall be carried on by the entire Board in the same way as it is done for the Executive Directors of the Company except the Director getting evaluated.

Based on the performance evaluation of each and every Director and the Chairman of the Company, the Committee shall provide the ratings based on each criteria and sub-criteria. The detail process of evaluation and ratings thereon are mentioned in this Policy respectively.

C. EFFECTIVENESS OF THE BOARD

Based on the ratings given by the Committee to each Director, the overall effectiveness of the Board shall be measured and accordingly the Board shall decide the Appointments, Re-appointments and Removal of the non-performing Directors of the Company.

1) SEPARATE MEETING FOR EVALUATION OF PERFORMANCE OF BOARD MEMBERS

Evaluation of the Executive Directors of the Company shall be carried out by entire Board except the Director being evaluated. The Meeting for the purpose of evaluation of performance of Board Members shall be held at least once in a year and the Company shall disclose the criteria laid down by the Committee for performance evaluation on its web site for the reference / in the Annual Report of the Company.

2) CRITERIA FOR EVALUATION OF PERFORMANCE OF INDEPENDENT DIRECTORS

The Committee has laid down the criteria for evaluation of performance of Independent Directors and the Board.

1. Attendance and contribution at Board and Committee meetings.
2. His/her stature, appropriate mix of expertise, skills, behaviour, experience, leadership qualities, sense of sobriety and understanding of business, strategic direction to align company's value and standards.
3. His/her knowledge of finance, accounts, legal, investment, marketing, foreign exchange/ hedging, internal controls, risk management, assessment and mitigation, business operations, processes and Corporate Governance.
4. His/her ability to create a performance culture that drives value creation and a high quality of debate with robust and probing discussions.
5. Effective decisions making ability to respond positively and constructively to implement the same to encourage more transparency.
6. Open channels of communication with executive management and other colleague on Board to maintain high standards of integrity and probity.
7. Recognize the role which he/she is expected to play, internal Board Relationships to make decisions objectively and collectively in the best interest of the Company to achieve organizational successes and harmonizing the Board.
8. His/her global presence, rational, physical and mental fitness, broader thinking, vision on corporate social responsibility etc.
9. Quality of decision making on source of raw material/procurement of roughs, export marketing, understanding financial statements and business performance, raising of finance, best source of finance, working capital requirement, forex dealings, geopolitics, human resources etc.
10. His/her ability to monitor the performance of management and satisfy himself with integrity of the financial controls and systems in place by ensuring right level of contact with external stakeholders.
11. His/her contribution to enhance overall brand image of the Company.

ASTEC – BOARD EVALUATION QUESTIONNAIRE

ASTEC believes in value for its Stakeholders through ethical processes and integrity. The Board plays a very important role in ensuring the Company’s performance is monitored and timely inputs are given to enhance its performance and set the right direction for growth. Hence it is important that every individual Board Member effectively contributes in the Board deliberations.

Name of the Director: _____

Rating scale shall be 1 to 4 (1 being Very Unsatisfied and 4 being Very Satisfied)

STRUCTURE	Rating (1-4)	What could we do differently/better
Does the board have the right composition which brings in diversity, experience, specialized skills and expertise for effective functioning of the board		
Do the board members have a clear and shared understanding of their roles and responsibilities		
STRATEGIC ORIENTATION	Rating (1-4)	What could we do differently/better
Does the board have a good understanding of the key performance drivers of the business		
Does the board's business performance metrics enable monitoring management's performance		
Are financial and non financial value drivers in place to focus on the enhancement of stakeholder value		
Is majority of the board time spent on key strategic issues/direction and not on management level		
Is the process of CEO/business performance evaluation sufficiently rigorous and helps achieve results		
BOARD FUNCTIONING & TEAM DYNAMICS	Rating (1-4)	What could we do differently/better
Are the board meetings conducted in a manner which facilitates open discussions and robust debate		
Do the board members trust and value each others' experience and expertise to enable healthy discussion		
Is the board able to discuss the agenda and other issues with senior management in sufficient depth		
Does the board receive detailed information to enable discussions/decision making during board meetings		
WHAT SHOULD WE START DOING	WHAT SHOULD WE STOP DOING	WHAT SHOULD WE CONTINUE DOING

ASTEC- INDIVIDUAL EVALUATION QUESTIONNAIRE

PARAMETER		Rating (1-4)	What could we do differently/better
Understands the organization and the sector(s) in which GILAC operates			
Understands key performance drivers of the business			
Maintains highest level of integrity (including maintaining confidentiality of information)			
Attends and actively contributes to all board debates and discussions			
Collaborates and encourages healthy discussion among board members			
Recognizes role of self and colleagues and demonstrates appropriate skills and knowledge for his/her role			
Ability to protect and leverage the interest of the Godrej group across all decisions and recommendations			
WHAT SHOULD (S)HE START DOING	WHAT SHOULD (S) HE STOP DOING	WHAT SHOULD (S) HE CONTINUE DOING	

3) PROCEDURE TO RATE THE PERFORMANCE

Based on evaluation criteria, the Committee and the Board shall rate the performance of the each and every Director. The performance rating shall be given within minimum 1 and maximum 4 categories, the rating 1 being Very Unsatisfied and 4 being Very Satisfied. Based on the rating of performance the Board can decide the strategy to extend or continue the term of appointment or to introduce new candidate as a member of the Board or Retirement of the member based on his/her performance rating as to create and maintain the most effective and powerful top level management of the Company for its future growth, expansion, diversification and also to maximize the returns on investments to the stakeholders of the company.
