

## **NITIN SPINNERS LIMITED**

### **Nomination, Remuneration and Evaluation Policy**

This Nomination, Remuneration and Evaluation Policy (the “Policy”) applies to the Board of Directors (the “Board”), Key Managerial Personnel (the “KMP”) and the Senior Management Personnel of Nitin Spinners Limited (the “Company”).

“Key Managerial Personnel” (KMP) in relation to a company means-

- (i) The Chief Executive Officer or the Managing Director or Manager;
- (ii) The Whole-time Director;
- (iii) The Company Secretary;
- (iv) The Chief Finance Officer; and
- (v) Such other officer as may be prescribed.

The term “Senior Management Personnel” means 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 functional heads, Chief Financial Officer and Company Secretary.

This Policy is in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and under the regulations of SEBI (Listing Obligations and Disclosure Requirements), 2015 (herein after referred to as “Listing Regulations”).

#### **1. Purpose**

The primary objective of the Policy is to provide a framework and set standards for the nomination, remuneration and evaluation of the Directors, Key Managerial Personnel and officials comprising the senior management. The Company aims to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management Personnel and practice followed in Industry.

#### **2. Accountabilities**

- 2.1 The Board is ultimately responsible for the appointment of Directors, “Key Managerial Personnel” and “Senior Management Personnel” on recommendation of the Committee.

The Board has delegated responsibility for assessing and selecting the candidates for the role of Directors, Key Managerial Personnel and “Senior Management Personnel” to the Nomination and Remuneration Committee which makes recommendations & nominations to the Board.

#### **3. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee is responsible for:

- 3.1 reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with the objective to diversify the Board;
- 3.2 recommending to the Board on the selection of individuals nominated for Directorship, "Key Managerial Personnel" and "Senior Management Personnel";
- 3.3 making recommendations to the Board on the remuneration payable to the Directors, "Key Managerial Personnel" and "Senior Management Personnel";
- 3.4 assessing the independence of independent directors;
- 3.5 such other key issues/matters as may be referred by the Board or as may be necessary in view of the "Listing Regulations" and provision of the Companies Act 2013 and Rules thereunder.
- 3.6 to make recommendations to the Board concerning any matters relating to the continuation in office of any Director, "Key Managerial Personnel" and "Senior Management Personnel" 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 service contract;
- 3.7 ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- 3.8 to devise a policy on Board diversity;
- 3.9 to develop a succession plan for the Board and to regularly review the plan;

The Nomination and Remuneration Committee comprises of the following:

- a) The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- b) The Chairperson of the committee shall be an Independent Director.
- c) One third members or Minimum two (2) members shall constitute a quorum for the Committee meeting which including at least one independent Director in attendance.
- d) Membership of the Committee shall be disclosed in the Annual Report.
- e) Term of the Committee shall be continued unless terminated by the Board of Directors.

- f) The Committee shall meet at least once in a year.

## **CHAIRMAN**

- a) Chairman 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 Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d) Chairman of the Nomination and Remuneration Committee meeting be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

## **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 or re-appointment is considered.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

## **VOTING**

- a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## **4. Appointment of Directors**

4.1 Enhancing the competencies of the Board is the basis for the Nomination and Remuneration Committee to select a candidate for appointment to the Board. When recommending a candidate for appointment, the Nomination and Remuneration Committee has regard to:

- assessing the appointee against a range of criteria which includes but not be limited to qualifications, skills, regional and industry experience, background and other qualities required to operate successfully in the position, with due regard for the benefits from diversifying the Board;

- the extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company;
- the skills and experience that the appointee brings to the role of Director and how an appointee will enhance the skill sets and experience of the Board as a whole;
- the nature of existing positions held by the appointee including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment;

#### 4.2 Personal specifications:

- Degree holder in relevant disciplines;
- Experience of management in a diverse organization;
- Excellent interpersonal, communication and representational skills;
- Demonstrable leadership skills;
- Commitment to high standards of ethics, personal integrity and probity;
- Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace;
- Having continuous professional development to refresh knowledge and skills.

### 5. **Letters of Appointment**

Each Director/KMP/Senior Management Personnel is required to sign the letter of appointment with the Company containing the terms of appointment and the role assigned in the Company.

### 6. **Remuneration of Directors, Key Managerial Personnel and Senior Management**

The guiding principle is that the level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate Directors, Key Management Personnel and other senior officials.

The Directors, Key Management Personnel and other senior official's salary shall be based & determined on the individual person's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any.

The Nominations & Remuneration Committee determines individual remuneration packages for Directors, "Key Managerial Personnel" and "Senior Management Personnel" taking into account factors it deems relevant, including but not limited to market, business performance and practices in comparable companies, having due regard to financial and commercial health of the Company as well as prevailing laws and government/other guidelines. The Committee consults with the Chairman of the Board

as it deems appropriate. Remuneration of the Chairman is recommended by the Committee to the Board of the Company.

(i) Remuneration:

a) Base Compensation (fixed salaries)

Must be competitive and reflective of the individual's role, responsibility and experience in relation to performance of day-to-day activities, usually reviewed on an annual basis; (includes salary, allowances and other statutory/non-statutory benefits which are normal part of remuneration package in line with market practices).

b) Variable salary:

The Committee may in its discretion structure any portion of remuneration to link rewards to corporate and individual performance, fulfillment of specified improvement targets or the attainment of certain financial or other objectives set by the Board. The amount payable is recommended by the Committee, based on performance against pre-determined financial and non-financial metrics.

(ii) Statutory Requirements:

Section 197(5) provides for remuneration by way of a fee to a director for attending meetings of the Board of Directors and Committee meetings or for any other purpose as may be decided by the Board.

Section 197(1) of the Companies Act, 2013 provides for the total managerial remuneration payable by the Company to its directors, including managing director and whole time director, and its manager in respect of any financial year shall not exceed eleven percent of the net profits of the Company computed in the manner laid down in Section 198 in the manner as prescribed under the Act.

The Company with the approval of the Shareholders through Special Resolution may authorise the payment of remuneration exceeding eleven percent of the net profits of the company, subject to the provisions of Schedule V.

The Company shall with the approval of the shareholders authorize the payment of remuneration upto five percent of the net profits of the Company to its any one Managing Director/Whole Time Director/Manager and ten percent in case of more than one such official.

The Company with the approval of Shareholders as required under "Listing Regulation" may pay remuneration to its directors, other than Managing Director and Whole Time Director upto one percent of the net profits of the

Company, if there is a Managing Director or whole time director or manager and three percent of the net profits in any other case.

The net profits for the purpose of the above remuneration shall be computed in the manner referred to in Section 198 of the Companies Act, 2013.

- 6.1** The Independent Directors shall not be entitled to any stock option and may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose as may be decided by the Board. The sitting fee to the Independent Directors shall not be less than the sitting fee payable to other directors.
- 6.2** The remuneration payable to the Directors shall be as per the Company's policy and shall be valued as per the Income Tax Rules.
- 6.3** The remuneration payable to the "Key Managerial Personnel" and "Senior Management Personnel" shall be recommended having regard to their experience, leadership abilities, initiative taking abilities and knowledge base.

## **7. Evaluation/ Assessment of Directors/ KMPs/Senior Officials of the Company –**

The evaluation/assessment of the Directors, KMPs and the senior officials of the Company is to be conducted on an annual basis and to satisfy the requirements of the "Listing Regulations" and Companies Act, 2013.

The following criteria may assist in determining how effective the performances of the Directors/KMPs/Senior officials have been:

- Leadership & stewardship abilities
- Competency, Experience and Qualifications of Directors
- Regularity, Frequency, Logistics, Agenda and discussions at Meeting and recording of Minutes
- Grievance redressal for Investors, stakeholder value, conflict of Interest
- contributing to clearly define corporate objectives & plans
- Communication of expectations & concerns clearly with subordinates
- obtain adequate, relevant & timely information from external sources.
- review & approval achievement of strategic and operational plans, objectives, budgets
- regular monitoring of corporate results against projections
- identify, monitor & mitigate significant corporate risks
- assess policies, structures & procedures
- direct, monitor & evaluate KMPs, senior officials
- review management's succession plan
- effective meetings, committees and independence of committee from Board
- assuring appropriate board size, composition, structure
- clearly defining roles & monitoring activities of committees

- review of corporation's ethical conduct, Corporate culture
- availability, commitment, contribution, integrity and impartiality.
- independence and independent views and judgement of Independent Directors

Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/Non-Independent Directors in a separate meeting of the Independent Directors.

The Executive Directors/Non-Independent Directors along with the Independent Directors will evaluate/assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion. The evaluation of Independent directors shall be done on the basis of performance of the Directors and fulfillment of the independence criteria as specified in the "Listing Regulations" and their independence from the management.