



GHCL TEXTILES NOMINATION & REMUNERATION POLICY



GHCL Textiles Limited





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GHCL TEXTILES's NOMINATION & REMUNERATION POLICY

[Regulation 19 of SEBI Listing Regulations, 2015 and Section 178(4) of the Companies Act, 2013]

I. Criteria for determining qualifications, positive attributes and independence of director:

A. Qualifications

A director shall possess appropriate knowledge and experience in their domain areas such as textiles, windmills, law, banking and finance, Accounts, corporate, governance, risk management, administration, CSR, Sustainability etc. and such other disciplines related to the company's business. In addition to above, at the time of appointment, emphasis will be given on experience, expertise, track record and reputation of the director.

B. Positive Attributes

A director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity. Director shall act objectively and constructively and exercise his/her responsibilities in a bona-fide manner in the interest of the company. A director must devote sufficient time and attention to his/her professional obligations for informed and balanced decision making; and assist the company in implementing the best corporate governance practices for the growth of the Company and its stakeholders. A director should be able to assist the Board, have a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company. The person should be forward looking, ethical and law abiding.

C. Independence standards

The candidate shall be evaluated based on the criteria provided under the applicable laws including Companies Act, 2013 read with Rules thereon and the SEBI Listing Regulations, 2015 with the Stock Exchanges. In addition to applying these guidelines, the Board will consider all relevant facts and

circumstances in making its determination relative to a Director's independence. Each director has an affirmative obligation to inform the Board of any change in circumstances that may put his/her independence at issue.

The director's independence for the independent director will be determined by the Board on an annual basis upon the declarations made by such director as per the provisions of the Companies Act, 2013 read with Rules thereon and the SEBI Listing Regulations, 2015.

The Nomination and Remuneration Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate.

II. Compensation Policy: The company's Compensation Policy and Practices have been formulated and maintained to meet the following objectives:

1. To attract, retain and motivate qualified and competent individuals as Director, Key Managerial and other employee levels to carry out company's business operations as assigned to them.
2. To ensure payment of salaries and perks that are comparable to market salary levels so as to remain competitive in the industry.
3. To revise the remuneration of its employees periodically for their performance, potential and value addition after systematic assessment of such performance and potential.
4. To ensure disbursement of salary and perks in total compliance to the applicable statutory provisions and prevailing tax laws of the Country.

In order to meet the above objectives, the company undertakes various processes in an ongoing manner such as conducting of salary survey's in every three years, periodic review of its performance appraisal and reward systems, institution of incentive schemes, providing skill and competency development to its manpower on a regular basis, providing fast track career growth paths to high performers, modification of salary structure in line with the changes in the tax laws etc.

With regard to the annual revision of the employees, respective reporting managers assess the performance of employees. However, the authority for reviewing the performance and reward rests with the Nomination & Remuneration Committee of the

Board of Directors of the company. In this assessment, the performance, potential and value addition to the company are assessed as detailed under:

In accordance with the widely followed practices, broadly, performance is classified in to 4 categories viz. Top, Vital, Average and Below Average (Bottom). Subsequent to completion of the structured review process, each employee is placed in one of these categories to determine the quantum of reward to be given to him/her. As the company takes continuous efforts to maintain its workforce employable, majority of the employees i.e. app. 70% of the population is generally assessed as Vital Contributors and the salary increase to be given to that category of employees is fixed as the bench mark.

Executive cadre employees, depending upon their scope and impact of role are placed in 14 levels which are further grouped in to 5 job bands in line with the prevailing corporate practices. Revision of compensation is based on a Matrix which defines the quantum of increase applicable to an employee in a particular performance class in a particular level.

In the proposed Performance Assessment Model, Performance Class – VITAL has been taken as benchmark as majority of the employees fall in this category. The Top performers in each level would be given 130% of the increment applicable to Vital Class. Employees rated as Average will be given 50% of increment applicable to Vital Class. Employees rated Bottom will not be given any increment.

It is further proposed that an employee in a particular grade would receive 120% of increment applicable for an employee one grade below him for a similar rating. Where there is a change in the band, this increase will be 125%. This will be effected in Band 1 and 2. However, from Level 7A (7.5) and upwards, instead of band, this increase will be 125% in each level as the performance impact and competency requirements are significantly different for each senior and top level positions. Going forward, depending upon the various parameters and need of the organisation to retain high performers and dissuade mediocre performance on the job, the rate or quantum of increase to be given to various categories of performances may vary.

Additionally, in order to get best talent from the market and retain them for longer period, company has a policy to pay compensation better than prevailing market practice to deserving candidates. In any circumstance, remuneration shall not be less than prevailing market trend.



1. **Entitlement of sitting fee and profit based annual commission to Non-Executive Directors including Independent Directors:**

All Non-Executive Directors including the Independent Directors of the Company, shall be entitled to receive sitting fee, reimbursement of expenses for participation in

the Board and other meetings and profit related commission as may be determined by the Board of Directors upon recommendation of the Nomination and Remuneration Committee, within the overall approval given by the shareholders. As per the provisions of Section 197 read with Section 149 of the Companies Act, 2013, Independent Director of the Company, shall not be entitled to any stock option.

At present, sitting fee for attending the Board meeting is Rs. 25,000/- per meeting and for attending committee meeting is Rs. 25,000/- for non-executive directors including the independent directors.

The Board of Directors have approved the policy for payment of profit-based commission to non-executive directors including the independent directors. The policy outline following points

The quantum of commission shall be determined on the basis of;

- (a) Outcome of the evaluation process which is driven by various factors including attendance and time spent in the board and committee meetings;
- (b) Role and responsibility as a Chairman / member of the Board and various Committee
- (c) Individual contributions at the meetings and contribution made by the directors other than the meetings.

Further, the increase / (decrease) in the amount of the total commission payable to non-whole time directors shall be in the same ratio as increase / (decrease) in profit in any financial year, subject to maximum increase / (decrease) in total commission limited to 25% of amount of the commission paid during the previous year and total commission being within the overall limits laid down by regulations.

Amendment & Policy Review

This policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and the requirements of the SEBI Listing Regulations, 2015 with the Stock Exchanges. Accordingly, any subsequent amendment/modifications in the Companies Act, Listing Regulations and /or other applicable laws in this regard shall automatically apply on this policy.

