

## **Surat Textile Mills Limited**

### **Nomination and Remuneration Policy**

1. **Introduction:** The Company has formulated the remuneration policy for its Directors, KMP and other employees keeping in view the level and composition of remuneration as reasonable. Ensuring that remuneration meets the performance benchmark and it reflects long term performance objectives.
2. **Scope:** The policy sets out the guiding principles for the nomination and remuneration committee for recommending to the Board the remuneration to the Directors, KMP and other employees of the Company.

3. **Terms and reference:**

“**Director**” means a Director appointed to the Board of the Company

“**Key Managerial Personnel**” means

- (i) the Chief Executive Officer or the managing director or the manager;
- (ii) the company secretary;
- (iii) the whole-time director;
- (iv) the Chief Financial Officer; and
- (v) such other officer as may be prescribed under the Companies Act, 2013.

4. **Nomination and Remuneration Committee** means the committee constituted by the Company in accordance with the provisions of section 178 of the Companies Act, 2013 and Clause 49 of the Equity Listing Agreement.

5. **Policy for appointment**

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Key Managerial Personnel or at Senior Management level and recommend to the Board his/her appointment.

The candidate shall 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 is sufficient/satisfactory for the concerned position.

The appointment of any Whole-time Directors / Key Managerial Personnel / Senior Management shall also be governed by the prevailing employment policies of the Company.

The Nomination and Remuneration Committee will ensure that the level of composition of remuneration is reasonable and sufficient to attract, retain and motivate Director of the quality required to run the Company successfully and

Further, the Committee will ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

The Board on the recommendation of Nomination and Remuneration Committee shall review and approve the remuneration to executive directors, KMP of the Company within the overall limit approved by the shareholders.

**Term / Tenure:**

**Managing Director / Whole-time Director**

The Company may appoint or re-appoint a person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time.

**Independent Directors**

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and being eligible re-appointment for another term up to five years consecutive years on passing of a special resolution by the Company and disclosure of such appointment in the Board's Report.

**Evaluation**

The Committee shall carry out the evaluation of performance of Independent Directors, Key Managerial Personnel, Senior Management Personnel and the Board as a whole on yearly basis.

**Retirement**

The Independent Director shall not be liable to retire by rotation. The other Directors, Key Managerial Personal and Senior Management Personnel shall retire as per the applicable provisions of the Act and prevailing policies of the Company.

**Remuneration to Non-Executive / Independent Directors:**

Non-Executive / Independent Directors shall be paid the sitting fees for attending the meetings of the Board and the Committees of which they are members. The Board may at its discretion revise the sitting fees payable to the Non-Executive / Independent Directors from time to time. Provided that the amount of such fee shall not exceed the limit prescribed under the Act.

**Commission**

In addition to the sitting fee, Non-Executive / Independent Directors may also be paid a Commission, as may be determined by the Board, as recommended by the Nomination and Remuneration Committee after considering the performance of the Company and the performance and contribution of the Director, as evaluated by the Board, subject to the limits not exceeding 1% of the profits of the Company computed as per

the applicable provisions of the Act and subject to approval of Shareholders.

**Stock Option:**

Independent Director shall not be entitled to any stock option of the Company.

**Review of the Policy:**

The Committee will discuss any revisions that may be required, and recommend any such provisions to the Board for consideration and approval.