

SRI NACHAMMAI COTTON MILLS LIMITED

NOMINATION AND REMUNERATION POLICY

INTRODUCTION

Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement requires the Board of Directors of every listed Company to constitute the Nomination and Remuneration Committee.

OBJECTIVE

The Key Objectives of the Committee would be:

- a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- c) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

APPLICABILITY

The Policy shall be applicable to:

- (i) Directors (Executive and Non Executive & Independent)
- (ii) Key Managerial Personnel
- (iii) Senior Management Personnel

DEFINITIONS

- a) Act means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- b) "Board" means Board of Directors of the Company.
- c) "Company" means "Sri Nachammai Cotton Mills Limited."
- d) "Employees' Stock Option" means the option given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.
- e) "Independent Director" means a director referred to in Section 149 (6) of the Companies Act, 2013.
- f) "Key Managerial Personnel" (KMP) means
 - i) Chief Executive Officer or the Managing Director or the Manager,
 - ii) Company Secretary,
 - iii) Whole-time Director,
 - iv) Chief Financial Officer and
 - v) Such other officer as may be prescribed.
- g) "Committee" means Nomination and Remuneration Committee of the Company as Constituted or reconstituted by the Board from time to time.
- h) "Policy or This Policy" means, "Nomination and Remuneration Policy."
- i) "Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads.

CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE

The Board has the power to constitute/ reconstitute the Committee from time to time in order to make it consistent with the Company's policy and applicable statutory requirement. At present, the Nomination and Remuneration Committee comprises of the following Directors.

- (i) Sri. S.Ravichandran - Chairman (Independent Director)
- (ii) Sri. Sri.A.Alagappan - Vice - Chairman (Independent Director)
- (iii) Sri A.Annamalai - Member (Independent Director)

ROLE OF THE COMMITTEE

The role of the Committee inter alia will be the following:

- a) To formulate a criteria for determining qualifications, positive attributes and independence of a Director
- b) Formulate criteria for evaluation of Independent Directors and the Board.
- c) Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- d) To carry out evaluation of every Director's performance.
- e) To recommend to the Board the appointment and removal of Directors and Senior Management.
- f) To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- g) To devise a policy on Board diversity.
- h) To carry out any other function as is
- i) To perform such other functions as may be necessary or mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable or appropriate for the performance of its duties.

FREQUENCY OF MEETINGS

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

APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

Appointment Criteria and Qualifications:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. 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.
3. The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

Term / Tenure

1. Managing Director/Whole-time Director/Manager (Managerial Person):

The Company shall appoint or re-appoint any person as its Managerial Person for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

2. Independent Director:

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

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1 October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

Evaluation

The Committee shall carry out an evaluation of performance of every Director, KMP and Senior Management on yearly basis.

Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013, 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.

Retirement

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

REMUNERATION

REMUNERATION TO MANAGERIAL PERSON, KMP AND SENIOR MANAGEMENT

Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTOR

1. Remuneration/ Commission

The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

2. Sitting Fees

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

3. Stock Options

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

REMUNERATION TO OTHER EMPLOYEES

The policy for determination of the remuneration of employees other than Directors, KMPs and Senior Management personnel shall be as per the norms followed by the Company.

INSURANCE

Where any insurance is taken by the Company on behalf of its Managerial Person, KMP and any other employees 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.

DISCLOSURE OF THE POLICY

The Nomination and Remuneration policy shall be disclosed in the Board's Report as required under the Companies Act, 2013 and the Listing Agreement.

AMENDMENTS TO THE POLICY

The Nomination and Remuneration Committee of the Company shall review and may amend this policy from time to time, subject to the approval of the Board of Directors of the Company when deemed necessary in the interests of the Company. Any subsequent amendment/modification in the listing agreement and/or other applicable laws in this regard shall automatically apply to this policy.