

**NOMINATION AND REMUNERATION POLICY**

**1. Introduction:**

*The Nomination & Remuneration Policy ("Policy") of Blue Chip Tex Industries Limited (the "Company") is formulated under the requirements of applicable laws, including the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("Listing Regulations").*

*The Policy is intended to set out criteria to pay equitable remuneration to the Directors, Key Managerial Personnel (KMP), senior management (as defined below) and other employees of the Company and to harmonise the aspirations of human resources with the goals of the Company*

*The Board of Directors of the Company constituted the "Nomination and Remuneration Committee" at its Meeting held on 7<sup>th</sup> November 2014. This is in line with the requirements under the Companies Act, 2013 ("Act"). This Policy and the Nomination and Remuneration Committee Charter are integral to the functioning of the Nomination and Remuneration Committee and are to be read together.*

*The Board has authority to reconstitute this Committee from time to time.*

**2. Objective and Purpose:**

*The objectives and purpose of this Policy are:*

*2.1. To recommend policy relating to the remuneration of the Directors, Key Managerial Personnel (KMP) and Senior Management to the Board of Directors of the Company ("Board")*

*2.1. To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the working potential of all the Directors and KMP of the Company;*

*2.2. To ascertain that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;*

*2.3 To ensure that the remuneration to Directors and KMP of the Company involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;*

*2.4 To lay down criteria with regard to identifying persons who are qualified to become Directors (Executive/Non-executive/Independent) and persons who may be appointed in Key Managerial positions and to determine their remuneration;*

*2.5 To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the industry;*

*2.6 To carry out evaluation of the performance of Directors, its committees as well as KMP and to provide for reward(s) linked directly to their effort, performance, dedication and achievement relating to the Company's operations and*

*2.7 To lay down criteria for appointment, removal of directors and KMP and evaluation of their performance.*

**3. Definitions:**

- a. 'Act' means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
- b. 'Board' means Board of Directors of the Company.
- c. 'Committee' means Nomination and Remuneration Committee of the Company as constituted or Re-constituted by the Board.
- d. 'Company' means Blue Chip Tex Industries Limited
- e. 'Directors' mean Directors of the Company;
- f. 'Policy' means "Nomination and Remuneration Policy."
- g. Key Managerial Personnel (KMP) means-
  - i) the Managing Director or Chief Executive Officer or manager
  - ii) Whole-time Director
  - iii) the Company Secretary;
  - iv) the Chief Financial Officer; and
  - v) Any other person as defined under the Companies Act, 2013 from time to time.
  - vi) Senior Management means officers/personnel of the Company who are members of its core management team. The core management team includes Chief Executive Officer, Managing Director, Whole-time Director, Chief Financial Officer and Company Secretary.

*Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013 and Listing Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.*

**4. General:**

*This Policy is divided in three parts:*

*Part – A covers the matters to be dealt with and recommended by the Committee to the Board;*

*Part – B covers the appointment and removal of Directors, KMP and Senior Management; and*

*Part – C covers remuneration for Directors, KMP and Senior Management*

**Part – A: Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee**

*The following matters shall be dealt with by the Committee:*

**(a) Size and composition of the Board:** *Periodically reviewing the size and composition of the Board to have an appropriate mix of executive and independent Directors to maintain its independence and separate its functions of governance and management and to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company.*

**(b) Directors:** *Formulate the criteria determining qualifications, positive attributes and independence of a Director and recommend candidates to the Board when circumstances warrant the appointment of a new Director, having regard to qualifications, integrity, expertise and experience for the position.*

**(c) Evaluation of performance:**

- i. *Make recommendations to the Board on appropriate performance criteria for the Directors.*
- ii. *Formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company.*

## **BLUE CHIP TEX INDUSTRIES LIMITED**

- iii. *Identify any education programs for the Board to ensure that Non-Executive Directors are provided with adequate information regarding the business, the industry and their legal responsibilities and duties.*

**(d) Remuneration framework and policies:** *The Committee is responsible for reviewing and making recommendations to the Board on:*

- i. *Remuneration of executive Directors to be presented for shareholders' approval including severance, if any.*
- ii. *Individual and total remuneration of non-executive Directors and the chairperson (if nonexecutive), including any additional fees payable for membership of Board committees.*
- iii. *To consider and determine the Remuneration 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 Key Managerial Personnel and such other factors as the Committee shall deem appropriate.*

### **PART – B: Policy for appointment and removal of Directors, KMP and Senior Management**

**(a) Appointment criteria and qualifications:**

- i. *The Committee shall ascertain the integrity, qualification, expertise and experience of the person identified for appointment as Director, KMP or Senior Management and recommend to the Board his/her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.*
- ii. *A person to be appointed as Director, KMP or Senior Management should possess adequate qualification, expertise and experience for the position he / she is considered for.*
- iii. *A person, to be appointed as Director, should possess impeccable reputation for integrity, reasonable expertise and insights in sectors / areas relevant to the Company, ability to contribute to the Company's growth and complementary skills in relation to the other Board members.*
- iv. *The Company shall not appoint or continue the employment of any person as Managing Director / Whole-Time Director or Manager who has attained the age of seventy years and shall not appoint or continue the employment of Independent Director/Non-Executive Director who has attained the age of seventy-five years. Provided that the term of the person holding this position may be extended at the discretion of the committee beyond the age of seventy years/seventy-five 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/seventy-five years as the case may be.*
- v. *A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of the Company.*

**(b) Term / Tenure:**

- i. **Managing Director / Whole-time Director / Manager:** *The Company shall appoint or re-appoint any person as its Managing Director, Whole-Time Director or Manager 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.*

## **BLUE CHIP TEX INDUSTRIES LIMITED**

- ii. **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. 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 applicable regulations in force*

**(c) 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.*

**(d) Retirement:**

*The Directors, 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 Directors, KMP and Senior Management in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.*

### **PART – C: Policy relating to the remuneration for Directors, KMP and Senior Management**

**(a) General:**

- i. *The remuneration / compensation / commission etc. to be paid to Directors will be determined by the Committee and recommended to the Board for approval.*
- ii. *The remuneration and commission to be paid to the Managing Director/Whole-time Director shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.*
- iii. *Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders.*
- iv. *Where any insurance is taken by the Company on behalf of its Directors, KMP and Senior Management 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.*

**(b) Remuneration to Directors, KMP and Senior Management:**

*The Committee shall ensure that the Remuneration payable to Directors, Key Managerial Personnel and Senior Management shall be paid after complying with the provisions of Section 197 and Schedule V and such other applicable provisions of the Companies Act, 2013.*

*(c) Minimum remuneration to Whole-time Directors:*

*If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.*

*(d) Remuneration to Non-Executive / Independent Directors:*

*Non- Executive / Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that amount of fees shall not exceed ₹ One Lakh per meeting of the Board and Committee or such amount as may be prescribed by the Central Government from time to time.*

**5. Members of the Committee & its meetings:**

- a. Members of the Committee shall be appointed by the Board with a minimum of three Non-Executive Directors out of which not less than one-half shall be Independent Director.*
- b. The Chairman of the Committee may be elected by Board or be elected by members of the Committee amongst themselves who shall be an Independent Director. In the absence of the Committee's Chairman, the remaining members present shall elect one of themselves to chair the meeting.*
- c. Only members of the Committee have the right to attend and vote at the Committee meetings and any other person required to attend the meeting will have no right to vote.*
- d. The Chairman of the Committee or in his absence, any other member of the Committee authorised by him in this behalf shall attend the general meetings of the Company.*
- e. The Committee shall meet at such times so as to enable it to carry out its powers, functions, roles & responsibilities*

**6. Minutes of Committee Meetings:**

*Proceedings of all the meetings are recorded and signed by the Chairman of the said meeting or by the Chairman of the next succeeding meeting. Minutes of the Committee meeting are tabled at the Meeting of the Board and entered in the Minutes binder.*

**7. Policy Review:**

- a. This Policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and the requirements of Listing Regulations with the Stock Exchanges.*
- b. In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.*
- c. This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification to the policy as recommended by the Committee would be placed before the Board of Directors for their approval.*