

**POLICY ON REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL &
SENIOR EMPLOYEES***

BACKGROUND

Minaxi Textiles Limited (hereinafter referred as the ‘Company’) practices a corporate culture that is based on the tenets of trusteeship, empowerment, accountability, control and ethical practices with transparency at its core for creation of maximum value for the stakeholders.

The Nomination and Remuneration Committee of Minaxi Textiles Limited (“the Company”) was constituted on 30th May, 2014 which was reconstituted on 11th February, 2015 by inducting qualified and independent directors consisting of three members all being Independent Directors. In order to align with the provisions of the Companies Act, 2013 (“the Act”) and the Listing Agreement, the Board reconstituted the committee consisting of three Independent Director and one Executive Director.

OBJECTIVE

The Nomination and Remuneration Committee and this Policy is in compliance with Section 178 of the Act read alongwith the applicable rules thereto and Regulation 19 of the SEBI (LODR) Regulations,2015.

The Key Objective of the committee would be :

- a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully.
- b. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks, and
- c. Remuneration to directors, key managerial personnel and senior management 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.

DEFINATION

(a) Key Managerial Personnel :

Key Managerial Personnel 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.

* The Nomination and Remuneration Committee has reviewed the Policy at its Meeting held on 13th February, 2016 and Board of Directors has approved the policy in its Meeting held on 13th February, 2016.

(b) Senior Management :

Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the executive directors including all functional heads.

ROLE OF COMMITTEE

- A. To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down.
The explanation "Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors comprising of all members of management one level below the executive directors, including the functional heads.
- B. To lay down the criteria for appointment of persons in senior management and appointment of directors.
- C. To recommend to the Board the person(s) to be appointed as directors and senior management and their removal in accordance with the criteria laid down by the committee.
- D. To carry out evaluation of performance of every director.
- E. To formulate the criteria for determining qualifications, positive attributes and independence of a director.
- F. To recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees.
- G. To ensure that the remuneration policy formulated by the committee be disclosed in the Board's Report.

MEMBERSHIP

- The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent Director.
- Minimum two (2) members shall constitute a quorum for the Committee meeting.
- Membership of the Committee shall be disclosed in the Annual Report.
- Term of the Committee shall be continued unless terminated by the Board of Directors.

CHAIRMAN

- Chairman of the Committee shall be an Independent Director.
- Chairperson of the company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- In the absence of the Chairman the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholder's queries.

COMMITTEE MEMBER'S INTEREST

- 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.
- The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the committee.

VOTING

- 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.
- In the case of equality of votes, the Chairman of the meeting will have a casting vote.

CRITERIA FOR DETERMINING THE FOLLOWING

Policy for Selection and Appointment of Directors and their remuneration :

i) Criteria of selection of Non Executive Directors

- a) The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in any of the fields of manufacturing, marketing, finance, taxation, law, governance and general management.

ii) Remuneration

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings as detailed hereunder:

A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him/ her, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;

Remuneration Policy for the Senior Management Employees

- a) In determining the remuneration of the Senior Management Employees (i.e. KMPs and Executive Committee Members) the Nomination and Remuneration Committee shall ensure / consider the following:
 - i. the relationship of remuneration and performance benchmark is clear;
 - ii. the balance between fixed and incentive pay, if any reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
 - iii. the remuneration may be divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;

iv. the remuneration including annual increment and performance bonus may be decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance, industry benchmark and current compensation trends in the market.

b) The Managing Director will carry out the individual performance review, while recommending the annual increment and performance incentive to the Nomination and Remuneration Committee for its review and approval.

iii) CEO / Managing Director/ Whole Time Director - Criteria for selection /appointment

For the purpose of selection of the CEO / MD/ WTD, the Nomination and Remuneration Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board. The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

Remuneration for the CEO / Managing Director/ Whole Time Director

a) At the time of appointment or re-appointment, the CEO / Managing Director/ Whole Time Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the Nomination and Remuneration Committee and the Board of Directors) and the CEO / Managing Director/ Whole Time Director within the overall limits prescribed under the Companies Act, 2013.

b) The remuneration shall be subject to the approval of the Members of the Company in General Meeting.

c) In determining the remuneration (including the fixed increment and performance bonus) the Nomination and Remuneration Committee shall ensure / consider the following:

- the relationship of remuneration and performance benchmarks is clear;
- balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- responsibility required to be shouldered by the CEO / Managing Director/ Whole Time Director, the industry benchmarks and the current trends;
- the Company's performance vis-à-vis the annual budget achievement and individual performance.

Following criteria are also to be considered :

- Responsibilities and duties;
- Time and efforts devoted;
- Value addition;
- Profitability of the company and growth of its business;
- Analyzing each and every position and skill for fixing the remuneration yardstick;
- Standard for certain functions where there is a scarcity of qualified resources;
- Ensuring tax efficient remuneration structures;

- Ensuring that remuneration structure is simple and that the cost of the company (CTC) is not shown inflated and the effective take home remuneration is not low.
 - Other criteria as may be applicable.
- Consistent application of remuneration parameters across the organization.
 - Provisions of law with regard to making payment of remuneration, as may be applicable, are complied with.
 - Whenever, there is any deviation from the Policy, the justification / reasons should also be indicated / disclosed adequately.

REVIEW

The policy shall be reviewed by the Nomination and Remuneration Committee and the Board, from time to time as may be necessary.
