Nahar SPINNING MILLS LTD.

Regd. Office & Corporate Office : 373, Industrial Area-A, Ludhiana - 141 003 (INDIA)
Phones : 91-161-2600701 to 705, 2606977 to 980 Fax : 91-161-2222942, 2601956
E-mail : secnsm@owmnahar.com Web Site : www.owmnahar.com
CIN No.: L17115PB1980PLC004341

APPOINTMENT AND REMUNERATION POLICY

Preamble

Pursuant to the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board of Directors in their meeting held on 3rd February, 2015 approved the Policy for Appointment and Remuneration of Directors, Key Managerial Personnel and other employees as recommended by Nomination and Remuneration Committee. The Policy is guided by the principles pertaining to determining qualifications, positive attributes, integrity and independence etc. as envisaged under Section 178 of the Companies Act 2013. This Policy applies to the Directors, Senior Management Personnel including its Key Managerial Personnel (KMP) and employees of the Company. The Policy is designed to attract, recruit, retain and motivate best available talent. The salient features of the Policy are given hereunder:

APPOINTMENT POLICY

Directors

The Company's policy is to have a well diversified Board in terms of knowledge, age, experience and expertise so that it can contribute beneficially for the growth of the Company. The appointment of Directors and their cessation are subject to the recommendation of the Nomination and Remuneration Committee (hereinafter referred to as "Committee" and Board of Directors and approval of Shareholders of the Company. However, the casual vacancy in the Board can be filled up by the Board but their appointment is subject to the subsequent approval of Shareholders. The appointment, remuneration and term of Managing Director / Whole Time Director is on the recommendation of the Committee, Board of Directors, approval of shareholders and subject to the limits laid down under the Companies Act from time to time. The approval of Central Government, if required, is sought as per the provisions of Companies Act, 2013 and Rules framed thereunder. The Committee takes into account educational qualifications, knowledge, experience and expertise of the person for appointing him/her as a Director.

Key Managerial Personnel (KMP) and Senior Management

The Nomination and Remuneration Committee recommend the appointment of KMP & senior management and approved by the Board of Directors of the Company, wherever applicable. While selecting and recommending the appointment of KMP & senior management, the Committee takes into account merit, seniority, experience and expertise of the person and applicable provisions of Companies Act, 2013.

Other Employees

The appointment of other employees of the Company is approved by the Managing Director on the recommendation of Department Head/ Vice President (Personnel).

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REMUNERATION POLICY

The remuneration package of the Company ensures that:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the company successfully.
- the balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.
- the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

Directors

1. Managing Director / Whole Time Directors

Remuneration of Managing Director/ Whole Time Director comprises of salary, perquisites and Provident Fund, Superannuation, Gratuity, etc as per rules of the Company. The Managing Director/ Whole Time Director is entitled to customary non-monetary benefits such as company cars, furnished accommodation (House Rent Allowance in case accommodation is not provided), health care benefits, leave travel allowance, communication facilities, etc. Their terms of appointment are contractual in nature and approved by shareholders.

2. Non-whole Time Directors

The non-executive directors are paid remuneration in the form of sitting fees for attending Board Meetings as fixed by the Board of Directors from time to time subject to the provisions of the Companies Act, 2013.

Key Managerial Personnel and Senior Management

KMP and other senior management personnel are being offered CTC package as recommended by Nomination and Remuneration Committee and approved by Board / Managing Director. The package broadly comprises of Basic Salary, HRA, allowances and perquisites, bonus, superannuation and other retirement benefits such as P.F., Gratuity, etc.

Other employees

The remuneration of other employees is fixed from time to time as per the prevalent industry standards, cost of living and applicable laws. In addition to basic salary they are also provided perquisites in the form of HRA, conveyance allowance and other benefits/ retirement benefits as per company policy / rules and applicable laws.