

SIL INVESTMENTS LIMITED

REMUNERATION AND COMPENSATION POLICY

Introduction:

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and Senior Management Personnel of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013, the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Reserve Bank of India (RBI) Regulations as amended from time to time, this policy to be referred to as "Remuneration and Compensation Policy" (the Policy) on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management Personnel has been formulated.

Objective and purpose of the Policy:

The objectives and purpose of this Policy are:

- To lay down criteria, terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Key Managerial positions and Senior Management and to determine their remuneration.
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- To determine remuneration based on the Company's size, financial position, trends and practices on remuneration prevailing in peer companies, in the like industry.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

Effective Date:

This Policy shall be effective from the date of its approval by the Board.

Constitution of the Nomination and Remuneration Committee:

The Board of Directors at its meeting held on 15th May, 2014, in order to align with the requirements of the Companies Act, 2013 (the Act), had constituted the Nomination and Remuneration Committee (the Committee) comprising of Directors meeting the requirements of the Act and the SEBI Listing Regulations.

Definitions

- "Board" means Board of Directors of the Company.
- "Directors" means Directors of the Company.

- “Committee” means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- “Company” means Sutej Textiles and Industries Limited.
- “Independent Director” means a Director referred to in Section 149(6) of the Companies Act, 2013.
- “Key Managerial Personnel (KMP) means” :
 - Executive Chairman and / or Managing Director;
 - Chief Executive Officer;
 - Wholetime Director;
 - Chief Financial Officer;
 - Company Secretary;
 - Such other officer as may be prescribed under the applicable statutory provisions / regulations.
- “Senior Management personnel” shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all members of management one level below the Chief Executive Officer or Managing Director or Wholetime Director or Manager (including Chief Executive Officer or Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the persons identified and designated as key managerial personnel, other than the board of directors, by the listed entity.

Applicability

The Policy is applicable to:

- a. Directors (Executive and Non-Executive);
- b. Key Managerial Personnel; and
- c. Senior Management Personnel.

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 appointment and nomination and Part - C covers remuneration, perquisites, etc.

PART - A

MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE

The Committee shall:

- Evaluate the current composition and organization of the Board and its committees and recommend to the Board with respect to the appointment, re-appointment and removal of Directors of the Company as per requirements of applicable statutes.

- To recommend whether to extend or continue the term of appointment of the Independent Directors, on the basis of the report of performance evaluation of Independent Directors.
- Review the composition and size of the Board in order to ensure that the Board is comprised of members reflecting proper expertise, skills, attributes and personal and professional backgrounds for appointment as a Director.
- Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel (KMPs) and other employees of the Company.
- To evaluate the balance of skills, knowledge and experience on the Board for every appointment of an Independent Director and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - use the services of an external agencies, if required;
 - consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - consider the time commitments of the candidates.
- Formulate criteria for effective evaluation of performance of Independent Directors, Board, its Committees and Individual Directors to be carried out either by the Board, by the Committee itself or by an independent external agency and review its implementation and compliance.
- To devise a policy on Board diversity.
- Identify the persons who are qualified to become Directors and who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this Policy, and recommend to the Board their appointment and removal.
- To recommend to the Board, all remuneration, in whatever form, payable to Senior Management Personnel, Key Managerial Personnel and Board of Directors.
- To perform such other functions as may be referred by the Board or be necessary in view of the Listing Regulation, 2015 and the provisions of the Companies Act, 2013 and Rules made thereunder.

PART – B

Criteria for recommending appointment and removal of Directors

1. Appointment

a. The Committee shall identify:

- Persons who, in its discretion possess adequate qualifications, expertise and experience for the position he / she is considered to be appointed. The person should have knowledge of at least one or more domain areas like, finance, law, management, sales, marketing, administration, research, governance, strategy, operations or other disciplines related to the Company's business.

- Person shall uphold ethical integrity, have a pedigree of acting objectively, shall have no adverse order(s) passed by any Regulatory body, should have a proven track-record of meeting professional obligations including a reputation to manage challenges.
- b. Independence Criteria:
 - An Independent Director should meet with requirements of the Act read with Schedule IV of the Act and provisions of the Listing Regulations.
 - An Independent Director shall hold office for term upto 5 consecutive years each and will be eligible for re-appointment on passing of a resolution by the Company and following the procedure under the Act / Listing Regulations.
 - No Independent Director shall hold office for more than two consecutive terms of maximum 5 years each. In the event the same person is to be appointed as an Independent Director after two consecutive terms of five years, a cooling period of 3 years is required to be fulfilled.
- c. No person shall be appointed as a Managing Director or Wholetime Director who is below the age of twenty-one years or has attained the age of seventy years; (Provided that appointment of a person who has attained the age of seventy years may be made by passing a special resolution in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person).
- d. No person shall be appointed or continue the Directorship as a Non-Executive Director who has attained the age of seventy-five years; (Provided that appointment of a person who has attained the age of seventy-five years may be made by passing a special resolution in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person).
- e. The Company shall obtain the approval of shareholders for appointment of a person on the Board of Directors or as a Manager as per the provisions of the Act and Listing Regulations.
- f. The Company shall appoint or re-appoint Executive Directors for a term not exceeding five years at a time. No re-appointment shall be made earlier than the time period as may be prescribed under the Act and Listing Regulations.
- g. Other Directorships / Committee Memberships:

The Committee shall take into account that a Director shall not serve as Director / Independent Director or act as a Chairman or Member in more than such number of companies or Committees as may be prescribed under the Act, Listing Regulations and other relevant laws, if any.

2. Removal & Retirement of Directors

- The Committee may recommend, to the Board with reasons recorded in writing, removal of a Director due to reasons of any disqualification mentioned in the Act or rules made thereunder or under any other applicable Act, rules and regulations.
- The Directors shall retire as per the applicable provisions of the Act. Recommendation for re-appointment of any Director shall be purely at the discretion of the Committee and Board respectively.

Criteria for appointment and Removal of KMP / Senior Management Personnel

- a. The Company has a well-defined and structured recruitment process for Key Managerial Personnel and Senior Management Personnel (SMP).
- b. The appointment of KMP and SMP shall be approved by the Board on prior recommendation of the Nomination and Remuneration Committee.
- c. The management considers various factors while evaluating a person for appointment as SMP including individual's background, business acumen, analytical abilities, competency, skills, educational and professional background, personal accomplishment, age, relevant experience and understanding of related field and such other discipline relevant to present and prospective operations of the Company.
- d. The appointee while continuing in his / her office shall not engage in any business or commercial activity, which might detrimentally conflict with the interest of the Company.

Removal / Retirement:

KMPs and SMPs shall retire as per the applicable provisions of the Act and the prevailing Company policy. The Committee may on deserving basis recommend the extension of service of a KMP or SMP after attaining the age of superannuation, and such a recommendation will need specific approval by the Board of Directors. In the event any KMP and/or SMP attracts any disqualification mentioned in the Act or under any other Law, the Committee may recommend to the Board the removal of the said person.

PART – C**Remuneration to Directors / KMP (non-Board and other than Senior Management) /
Senior Management and other employees****I. Remuneration to Directors****a. Executive Directors**

The remuneration to the Executive Directors shall be governed by the provisions of the Act, Listing Regulations or any other enactment for the time being in force. The Committee / Board shall take into account the Company's Standalone and Consolidated performance, the contribution of the Executive Directors for the same, remuneration trends in general, meeting of appropriate benchmarks (such as remuneration paid in like- size companies), which will ensure and encourage a high-performance culture.

The overall remuneration of Executive Directors shall be calculated as per the provisions of the Act and the Listing Regulations. In the event of loss or inadequacy of profit in any financial year during the currency of tenure of services of any Executive Director, the payment of remuneration shall be governed by the applicable limits prescribed under the Act and Rules framed thereunder, as amended from time to time. Provided however, on the recommendation of the Committee, the Board and with the approval of the shareholders of the Company by way of a special resolution with relevant explanatory statement, the Company may remunerate any Executive Director in excess of the limits prescribed under the Act and the Listing Regulations.

The Executive Directors will also be entitled to sitting fees as paid to Non-Executive and Independent Directors (unless specifically waived by them or not entitled in terms of their respective agreements).

The fees or compensation shall also be payable to Executive Directors who are promoters or members of the promoter group as per the provisions of the Act and Listing Regulations.

If any Managing / Wholetime Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act without the approval of the shareholders, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

b. Non-Executive Directors

The Non-Executive Directors and Independent Directors will receive sitting fees / commission as per the provisions of the Act and in compliance with the provisions of the Listing Regulations. The amount of sitting fees will not exceed the ceiling / limit under the Act. An Independent Director will not be eligible to any stock option of the Company.

The Board of Directors will from time-to-time fix the sitting fees for attending the meetings of the Board and its Committees on the recommendation of the Committee.

The Non-Executive Directors and Independent Directors will be paid commission as per the provisions of the Act read with the relevant Rules and the Listing Regulations.

The Non-Executive Directors and Independent Directors may forego receiving of commission / sitting fees by making a request to the Board.

A director can be paid fee in addition to the Remuneration, Sitting fees and Commission as mentioned above, if such Director renders any service(s) of Professional nature to the Company which in the opinion of the Nomination and Remuneration Committee requires specific judgement and skills for the practice of that particular profession, approval of shareholders in general meeting.

II. Remuneration / Compensation to KMP and Senior Management

- a. The remuneration to KMPs and SMPs will be benchmarked on the remuneration package prevailing in the country and industry.
- b. Remuneration to be paid to SMPs in whatever form, whether at the time of appointment or during annual revisions shall be recommended by the Committee to the Board for its approval.
- c. Remuneration packages will be designed to attract high-caliber executives in a competitive global market and remunerate executives fairly and responsibly. The remuneration shall be competitive and based on the individual responsibilities and performance.

- d. Remuneration is designed to motivate delivery of Company's key business strategies, create a strong performance-orientated environment and reward achievement of meaningful targets over the short and long-term.
- e. The Executives may be entitled to customary non-monetary benefits such as Company cars telephone, etc.
- f. The remuneration to KMPs and SMPs shall primarily consist of fixed pay, which includes salary, allowances, perquisites, contributions towards retiral benefits, etc. The Company currently does not provide any variable pay to KMPs and SMPs. However, if the Company considers a variable pay component in the future, it shall be structured in compliance with RBI regulations and other applicable laws, in co-ordination with the Committee.
- g. The Company does not offer any guaranteed bonus to KMPs and SMPs. Any exception to this shall require a specific recommendation and approval from the Committee in compliance with the applicable laws.
- h. The Board / Committee may at their discretion invoke claw back / malus provisions on any payments made to KMPs, and SMPs, particularly in cases of separation before pre agreed periods or under any other circumstances as per Company Policy.

III. General

- a. The Managing / Wholetime Director / Key Managerial Personnel and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. 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.

Where any insurance is taken by the Company on behalf of its Managing / Wholetime Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary 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.

Review and amendment

This Policy may be reviewed and amended by the Nomination and Remuneration Committee as and when required and any amendment thereto shall be presented before the Board for approval.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and the Nomination and Remuneration Committee shall amend this Policy accordingly.

Dissemination

The Company's Remuneration Policy shall be published on the website of the Company.
