

CRAVATEX LIMITED

Nomination and Remuneration Policy

1. INTRODUCTION

Human resources play a very important role in the success of the Company. Cravatex Limited has formulated a Policy for Nomination and Remuneration of Key Managerial Personnel (KMPs) and other senior executives pursuant to provisions of Section 178 of the Companies Act, 2013 read with the applicable rules thereto and the Listing Agreement.

2. PURPOSE OF THE POLICY

The Policy envisages the following:

- 2.1 To provide guidelines to the Board while identifying persons for appointment as directors / for positions in senior management
- 2.2 To identify and evaluate the suitability of persons for recommending them to the Board for their appointment as directors including managing directors and executive directors, as also persons who may be appointed in senior management positions.
- 2.3 To recommend to the Board the Remuneration payable to the Directors, Key Managerial Personnel and Senior Management. The terms of remuneration shall be based keeping in view various aspects including qualifications, experience, performance, commitment, leadership skills, etc.
- 2.4 To devise plans from time to time to motivate, retain and promote talent so as to ensure long term continuity of such personnel and in the process creating competitive advantage for the Company.

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3. ROLE OF THE COMMITTEE

- a) To identify persons who are suitable for appointment as directors.
- b) To recommend the remuneration policy for the directors, KMP and senior management and other employees. This would include review and recommendation of the design of annual and long term incentive plan for managing director / KMP and senior management.
- c) To formulate the criteria for evaluation of Independent Directors and the Board;
- d) To devise a policy on Board diversity.
- e) To disclose the remuneration policy and the evaluation criteria in its Annual Report.
- f) To recommend Board about the appointment and removal of directors.
- g) While formulating such a policy the Committee shall ensure that
 - 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;
 - relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

4. POLICY FOR DIRECTORS REMUNERATION

A. Independent Directors & Non-Executive Directors

- Independent Directors and other Non-Executive Directors to be paid sitting fees for attending the meetings of the Board and of committees of which they may be members.
- The payment of sitting fees and commission, if any, will be recommended by the NRC and approved by the Board in accordance with the provisions of the Companies Act, 2013.
- In addition to the sitting fees, the company may pay to every director reasonable expenditure, as may have been incurred by the director while performing his/her role as a director of the company. This would include expenditure incurred by the director for attending Board/ Committee meetings.
- Independent directors will not be entitled for any stock options.

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B. Managing Director / Wholetime Director

- Managing Director / Whole-time Director will be paid a basic fixed salary. In addition, he will be entitled to certain allowances, perquisites, benefits, commission and other incentives keeping in view the applicable legal framework prevailing at the relevant time including provisions of the Companies Act, 2013. At the same time, the level and composition of remuneration will be such so as to attract, retain and motivate the required quality of professionals.
- The NRC should discuss the year end performance review of the MD.

C. Key Manager Personnel & Executive Team

The remuneration payable to key executives will include fixed pay and variable pay. The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc.

The Incentive pay shall be decided keeping in view the results of the Company and performance of the Key Managerial Personnel and Senior Management at annual interval or at such intervals as may be recommended by the Nomination and Remuneration Committee.

The Committee will keep in view the long term interest of the Company as also the executives so as to attain optimum results.

5. POLICY REVIEW

This Policy has been framed on the basis of the provisions of the Companies Act, 2013 and the rules prescribed thereunder read with the provisions of the Bombay Stock Exchange.

The policy shall be reviewed from time to time and in case of any changes in the applicable laws, such changes will prevail and the Policy will be suitably modified in due course to make it consistent with the applicable laws.

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