



BANNARI AMMAN SPINNING MILLS LIMITED

NOMINATION AND REMUNERATION

COMMITTEE CHARTER

BANNARI AMMAN SPINNING MILLS LIMITED

NOMINATION AND REMUNERATION COMMITTEE CHARTER

1 PREFACE

- 1.1 **Bannari Amman Spinning Mills Limited** (“**BASML**” or “the Company”) believes in the conduct of its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty and integrity.
- 1.2 Section 178 of the Companies Act 2013, dealing with constitution of Nomination and Remuneration Committee (**NRC**) has become operational from 21st MAY 2014.
- 1.3 One of the roles of NRC is to identify and select persons who are qualified to become Directors / Key Managerial Personnel (KMP) / Senior Management Personnel (SMP), recommend their appointment to the Board/ Company and evaluation of Directors/ KMPs/ SMPs. Hence, it is desirable that the terms of reference of NRC are in writing.
- 1.4 Accordingly, a Nomination and Remuneration Committee Charter (“NRC Charter”) has been formulated with a view to provide the scope for the NRC to deal with the matters which are prescribed under the applicable provisions of the Companies Act 2013, the Rules framed under the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”) with regard to the appointment, remuneration and evaluation of Directors (including Independent Director) /KMPs/SMPs.
- 1.5 The NRC Charter, if so required under the applicable laws or under the LODR shall be posted on the Company’s website at www.bannarimills.com.

2 DEFINITIONS

- 2.1 For the purpose of this Charter, “Key Managerial Personnel (KMP) means KMP as defined under the Section 2(51) of the Companies Act, 2013.
- 2.2 The term “Senior Management Personnel” (SMP) means to include all members other than the Directors and KMPs of the Company, who are two levels below the CEO/Managing Director or who are reporting directly to the Managing Director or all functional heads of the Company.

3 PRIMARY OBJECTIVES

- 3.1 The NRC is constituted by, and accountable to, the Board of Directors (or the ‘Board’) of **Bannari Amman Spinning Mills Limited** (‘**BASML**’ or ‘the Company’).
- 3.2 The primary objective of the Charter is to provide a framework and set standards for the nomination, remuneration and evaluation of the Directors (including Independent Director), KMPs and SMPs. The Company aims to achieve a balance

of merit, experience and skills amongst its Directors(including Independent Director), KMPs and SMPs.

4 RESPONSIBILITIES OF THE COMMITTEE

4.1 Nomination and Remuneration Committee is responsible for:

- 4.1.1 periodically reviewing the structure, size and composition and functioning of the Board and recommend proposed changes, as may be necessary, to improve the Board's effectiveness;
- 4.1.2 recommending to the Board on the selection of individuals who are qualified to become Directors (including Independent Director);
- 4.1.3 identifying individuals who are appointed as KMPs or SMPs in accordance with the criteria laid down and recommend to the Board their appointment and removal;
- 4.1.4 making recommendations to the Board on the remuneration payable to the Directors (including Independent Director), KMPs and SMPs;
- 4.1.5 formulating the criteria for evaluation of Independent Directors and recommend to the Board;
- 4.1.8 devising a policy on Board diversity;
- 4.1.9 developing and review a succession plan for the Board
- 4.1.10 such other issues or matters as may be referred to by the Board or as may be necessary in view of the provisions of the Companies Act, 2013 and the related Rules and LODR.

5 CONSTITUTION AND QUORUM

- 5.1 The NRC shall consist of atleast three directors, all the Directors of the Committee shall be Non-executive Directors, out of which not less than one half shall be Independent Directors.
- 5.2 Minimum of two members or one third of the members of the Committee, whichever is greater, including atleast one independent Director in attendance, shall constitute quorum for the meeting.
- 5.3 Chairman of the Committee shall be Independent Director.
- 5.4 In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- 5.5 Chairman of the NRC meeting shall be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.
- 5.6 The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the NRC.

6 VOTING

6.1 Matters arising for determination at NRC meetings shall be decided by a majority of votes of Committee Members present and voting and any such decision shall for all purposes be deemed to be a decision of the NRC.

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

7 MEETINGS

The NRC will meet, at such time as it deems fit, However, the Committee shall meet atleast once in a year.

8 SECRETARY

Company Secretary shall act as Secretary to the NRC.

9 AUTHORITY

9.1 The NRC shall have free access to management and management information. The NRC, at its sole authority, may seek the advice of outside experts or consultants at the company's expense, where judged necessary, to discharge its duties and responsibilities.

10 APPOINTMENT OF DIRECTORS (INCLUDING INDEPENDENT DIRECTORS)/KMPs/SMPs

10.1 Enhancing the competencies of the Board is the basis for the NRC to select a candidate for appointment to the Board. When recommending a candidate for appointment, the NRC has regard to:

- assessing the appointee against a range of criteria which includes qualifications, skills, regional and industry experience, background and other qualities required to operate successfully in the position, with due regard for the benefits from diversifying the Board;
- the extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing Directors and enhance the efficiencies of the Company;

10.2 Enhancing the competencies of the KMPs/ SMPs is the basis for the NRC to select a candidate for appointment as KMP / SMP. When recommending a candidate for appointment, the NRC has regard to:

- the skills and experience that the appointee brings to the role of KMP / SMP and how an appointee will enhance the skill sets and experience;
- the nature of existing positions held by the appointee including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment;

10.3 For every appointment of an independent director, the Nomination and

Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board 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:

- a. use the services of an external agencies, if required;
- b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
- c. consider the time commitments of the candidates

For details of personal specifications refer to the **Annexure**.

10.4 For the positions below the General Manager or the functional head, Managing Director is authorised to select/ appoint suitable candidates and fix their remuneration.

11 LETTERS OF APPOINTMENT

The Company will issue a letter of appointment to Directors/Independent Directors/KMPs/SMPs containing the terms of appointment and the role assigned in the Company.

12 REMUNERATION OF DIRECTORS, KMPs AND SMPs

The guiding principle is that the level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate Directors, KMPs and SMPs. The Directors, KMPs and SMP's salary shall be based and determined on the individual person's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any.

The NRC recommends individual remuneration packages for Directors, KMPs and SMPs of the Company taking into account factors it deems relevant, including business performance and practices in comparable companies, having due regard to financial position of the Company as well as prevailing laws and government/other guidelines.

REMUNERATION

12.1.1 **Base Compensation (fixed salaries):** Must be competitive and reflect the individual's role, responsibility and experience in relation to performance of day-to-day activities, usually reviewed on an annual basis; (includes salary, allowances and other statutory/non-statutory benefits which are normal part of remuneration package in line with market practices).

12.1.2 **Variable pay:** NRC may, in its discretion, structure any portion of remuneration to link rewards to corporate and individual performance,

fulfilment of specified improvement targets or the attainment of certain financial or other objectives set by the Board. The amount payable is determined by the NRC, based on performance against pre-determined financial and non-financial measures.

12 In respect of the remuneration to directors/KMP/SMP, the company shall comply with the applicable provisions of the Companies Act, 2013, the rules and the Schedule (s) relating thereto, and as amended from time to time.

13 EVALUATION / ASSESSMENT OF DIRECTORS / KMPs / SMPs OF THE COMPANY

13.1 The evaluation / assessment of the Directors, KMPs and SMPs of the Company is to be conducted on an annual basis.

13.2 The following criteria may assist in determining the effectiveness of the performances of the Directors/KMPs/ SMPs :

13.2.1 leadership abilities

13.2.2 contribution to clearly defined corporate objectives and plans

13.2.3 review of achievement of strategic and operational plans, objectives, budgets

13.2.4 regular monitoring of corporate results against projections

13.2.5 identify, monitor and mitigate significant corporate risks

13.2.6 assess policies, structures and procedures

13.2.7 direct, monitor and evaluate KMPs, SMPs

13.2.8 review management's succession plan

13.2.9 clearly defining roles and monitoring activities of committees

13.2.10 Review of corporate's ethical conduct

13.3 Evaluation on the above parameters will be conducted by the Independent Directors for each of the Executive/Non-Independent Directors in a separate meeting of the Independent Directors.

13.4 The Chairman / Vice Chairman and Managing Director / Non-Independent Directors along with the Independent Directors will evaluate/assess each of the Independent Directors on the above parameters. The Independent Director being evaluated will not participate in the evaluation discussion.

14 REPORTING

The NRC Charter shall be disclosed in the Board's Report.

15 REVIEW OF NOMINATION AND REMINERATION COMMITTEE CHARTER

The NRC Charter shall be reviewed and reassessed by the NRC atleast once in

three years and appropriate recommendations shall be made to the Board to update the Policy based on the changes that may be brought about to the regulatory framework, from time to time.

- 16** This policy shall come into force from the date of adoption/amendment of this policy from time to time.

Note : This Policy was adopted at the Board Meeting dt.14.8.2014 and reviewed and amended at the Board Meeting dt 30.5.2023

Annexure

Qualifications and other norms for as Appointment of Director

1. Qualification

- Experience of management in a diverse organization;
- Excellent interpersonal, communication and representational skills;
- Demonstrable leadership skills;
- Commitment to high standards of ethics, personal integrity and probity;
- Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace;
- Continuous professional development to refresh knowledge and skills.

2. Experience

- Experience of management in a diverse organisation
- Experience in accounting and finance, administration, corporate and strategic planning or fund management
- Demonstrable ability to work effectively with Board of Directors

3. Skills

- Excellent interpersonal, communication and representational skills
- Demonstrable leadership skills
- Extensive team building and management skills
- Strong influencing and negotiating skills
- Having continuous professional development to refresh knowledge and skills

4. Abilities and Attributes

- Commitment to high standards of ethics, personal integrity and probity
- Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace.