

DIRECTORS' REPORT

To,
The Members
HARI TEXTILE MILLS LIMITED

Your Directors have pleasure in presenting their 48th Annual Report together with the Audited financial statements of your Company for the year ended 31st March, 2022.

KEY FINANCIAL HIGHLIGHTS

The highlights of the financial results of the Company are as follows:

(AMT. IN RUPEES)

PARTICULARS	<i>Year Ended March 31,2022</i>	<i>Year Ended March 31,2021</i>
<i>Revenue from Operations</i>	12,43,240.00	12,43,240.00
<i>Other Income</i>	23,896	24,887.50
<i>Total Revenue</i>	12,67,136	12,68,127.50
<i>Total Expenses</i>	15,91,532	13,31,832.44
<i>Profit/ (Loss) for the year before tax</i>	(32,043.96)	(93,204.94)
<i>Less : Provision for Taxation</i>	-	-
<i>Current Tax</i>	-	-
<i>Deferred Tax</i>	(2,777)	(1,817.53)
<i>Mat Credit Entitlement</i>	-	-
<i>(Excess)/Short provision for the earlier year</i>	-	-
Profit during the year (PAT)	(32,71.73)	(95,022.47)
<i>Add : Profit B/F from previous Year</i>	(19,30,986.39)	(18,35,963.92)
<i>Sub Total</i>		
<i>Less: P/L Appropriation</i>	-	-
Balance C/f to Balance Sheet	(22,58,159.39)	(19,30,986.39)

BUSINESS PERFORMANCE REVIEW

The main operations of the Company are that of Trading of Fabrics & Leasing out its properties. There are no material changes or commitments affecting the financial position of the Company which have occurred between the end of the Financial Year and the date of the report.

DIVIDEND

Your Director's regret for not recommending any Dividend on Equity Shares as the Company is loss making. Management is taking every efforts to make the Company profitable.

RESERVES

As there is no surplus during the current financial year therefore no question of any transfer to the Reserves of the Company.

CHANGE IN THE NATURE OF BUSINESS

During the year under review, there are no changes in the nature of the business of the Company.

SHARE CAPITAL

The Equity shares of the Company are listed on the CSE. The paid up Equity Share Capital as on March 31, 2022 was Rs. 63.00 Lakhs. The Company has neither issued shares with differential rights as to dividend, voting or otherwise nor issued shares (including sweat equity shares) to the employees or Directors of the Company, under any Scheme.

LISTING

The shares of the Company continue to be listed on the CSE Limited (CSE). The scrip code number of the Equity Shares of the Company on CSE is 10018095 respectively. The Annual Listing Fee for the Financial Year 2021-22 has been duly paid within the stipulated time to the Stock Exchange. However, there is mismatch between the capital shown as the CSE Website and actual paid up capital of the Company. Company is following with the Calcutta Stock Exchange to correct the records of the CSE.

DIRECTOR AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Krishna Kumar Todi (DIN- 02213954), Director of the Company retires by rotation and being eligible for reappointment and offers himself for re-appointment.

Mr. Aditya Vikram Fogla who was appointed as a whole time Company Secretary of the Company with effect from 23rd August, 2022 by the Board the provisions of Section 203(1) and 203(4) of the Companies Act, 2013 read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules.

All the directors of the Company have confirmed that they are not disqualified from being appointed as Directors in terms of Section 164 of the Companies Act, 2013.

Mr. Sanjay Kumar Todi (Whole Time Director), Mrs. Archana Sanjay Todi, Mr. Om Prakash Todi, Mr. Krishna Kumar Todi, Mr. Lakshmi Kant Shah, (Directors), Mr. Kishore Kumar Shah (Chief Financial Officer) and Aditya Vikram Fogla (Company Secretary) the Key Managerial Personnel (KMP) of the Company pursuant to the provisions of the Company Act, 2013, as on the date of this report.

All the Directors, Key Managerial Personnel and senior management of the company have affirmed compliance of with the code of conduct applicable to the Directors and employees of the Company and a declaration in this regard made by the Managing Director is attached which forms a part of this report of Directors. The Code of Conduct is available on the Company's website www.haritextilemillsLtd.com

DIRECTORS RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained, your Directors make the following statement in terms of Section 134 (3)(c) and 134 (5) of the Companies Act, 2013:

- a) that in the preparation of Annual Accounts for the financial year ended March 31, 2022, the applicable Accounting Standard has been followed;

-
- b) that the Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the March 31, 2022 and the Statement of Profit and Loss for financial year ended March 31, 2022;
 - c) that proper and sufficient care have been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding assets of the Company and for preventing and detecting frauds and other irregularities;
 - d) that the Annual Accounts have been prepared on a 'going concern' basis;
 - e) that proper internal financial controls laid down by the Directors is being followed by the Company and that such internal financial controls are adequate and are operating effectively; and
 - f) that proper system to ensure compliance with the provisions of all applicable laws as devised by the Directors are in place and that such systems are adequate and operating effectively.

DECLARATION BY INDEPENDENT DIRECTOR

The Company has received declarations from the Independent Director that they meet the criteria as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 of the SEBI Listing Regulations, 2015.

The Board confirms that the said Independent Director meet the criteria as laid down under the Companies Act, 2013 as well as the SEBI Listing Regulations, 2015.

SEPARATE MEETING OF INDEPENDENT DIRECTOR

During the year under review, the Independent Director had, in accordance with the provisions of Schedule IV (Code for Independent Director) of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, met separately and discussed and reviewed, inter-alia, the performance of Non-Independent Director and the Board as a whole after taking into consideration the views of Executive and Non- Executive Directors.

BOARD AND ITS COMMITTEES

BOARD MEETINGS

The Board met Six times during the financial year as on 28.06.2021, 26.07.2021, 02.09.2021, 11.11.2021, 14.02.2022 and 30.03.2022. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and the SEBI Regulation, 2015.

Attendance of each Directors at Board Meetings held during the Financial year 2021-22 are as follows:

Name of Director(s)	Designation	No. of Board Meeting(s) during the tenure of the Director	
		Held	Attended
SANJAY KUMAR TODI	Whole Time Director	6	6
LAKSHMI KANT SHAH	Independent Director	6	6
ARCHANA SANJAY TODI	Executive Director	6	6

OM PRAKASH TODI	Non-Executive Director	6	3
KRISHNA KUMAR TODI	Non-Executive Director	6	6

COMMITTEES OF THE BOARD

The Board has formulated the following Committees:

1. Audit Committee:

The Audit Committee was constituted in line with the provisions of Section 177 of the Companies Act, 2013 and Companies (Meetings of Board and its Powers) Rules, 2014. All the members of the committee possess sound knowledge of accounts, audit. Mr. Lakshmi Kant Shah is having expertise in financial management. During the year 2021-22, all the recommendations received from the Audit committee was accepted by the Board of Directors.

During the Financial Year 2021-22, the Audit Committee met 4 (Four) times on 26th July 2021, 2nd September 2021, 11th November 2021, and 14th February, 2022. The table below provides the details of meetings and attendance of the Audit Committee members during the year 2021-22:

	Category	No. of Meeting(s) during the tenure of Members	
		Held	Attended
LAKSHMI KANT SHAH (Chairman)	Independent Director	4	4
OM PRAKASH TODI (Member)	Non Executive Director	4	3
KRISHNA KUMAR TODI (Member)	Non Executive Director	4	3

2. Nomination and Remuneration Committee:-

The Nomination and Remuneration Committee was constituted in line with the provisions of Section 178 of the Companies Act, 2013 and Companies (Meetings of Board and its Powers) Rules, 2014.

During the Financial Year 2021-22, the Nomination and Remuneration committee met 2 (Two) times on 26th July, 2021 and 14th February, 2022.

The composition of the Nomination and Remuneration Committee and the details of meeting attended by its members during the year 2021-22 are given below:

	Category	No. of Meeting(s) during the tenure of Members	
		Held	Attended
LAKSHMI KANT SHAH (Chairman)	Independent Director	2	2
OM PRAKASH TODI (Member)	Non Executive Director	2	2
KRISHNA KUMAR TODI	Non Executive	2	2

(Member)	Director		
----------	----------	--	--

BOARD EVALUATION

The Board of Directors of the Company carried out annual evaluation of its own performance, of the Committees of the Board and individual Directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board's functioning was evaluated on various aspects, including inter alia degree of fulfillment of key responsibilities, board structure and composition, establishment and delineation of responsibilities to various Committees, effectiveness of Board processes. The Directors were evaluated on aspects such as attendance and contribution at Board/ Committee Meetings and guidance/ support to the management outside Board/ Committee Meetings.

In addition, the Whole Time Director was evaluated on key aspects of his role, including setting the strategic agenda of the Board, encouraging active engagement by all Board members and motivating and providing guidance to the Management. Areas on which the Committees of the Board were assessed included degree of fulfillment of key responsibilities, adequacy of Committee composition and effectiveness of meetings.

The performance evaluation of the Independent Director was carried out by the entire Board, excluding the Director being evaluated. The performance evaluation of the Non Independent Director was carried out by the Independent Director, who also reviewed the performance of the Board as a whole.

RELATED PARTY TRANSACTION

All Related Party Transactions entered into by your Company during the financial year were on arm's length basis and were in the ordinary course of business. The particulars of Contracts or Arrangements made with related parties referred to in subsection (1) of section 188 entered by the company during the financial year ended 31st March 2022 is annexed here to Annexure - I in prescribed Form AOC-2 and forms part of this report.

PARTICULARS OF EMPLOYEES

During FY 2021-22, your Company had not employed anyone for entire year or part of the year which needs disclosure as per the provisions of the Companies Act, 2013 read with relevant Rules. The ratio of remuneration of each Director to the median of employees remuneration and such other details as required under Sec 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, is provided in the Annexure-II and forms part of this report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The provisions of Section 135 of the Companies Act, 2013, in respect of Corporate Social Responsibility are not applicable to the Company.

POLICY FOR APPOINTMENT AND REMUNERATION

The Board has, on recommendation of the Nomination and Remuneration Committee formulated a policy for selection and appointment of Directors, senior managements and their remuneration. The said policy is set out as an Annexure - III and forms a part of this report

RISK MANAGEMENT POLICY

In terms of Section 134(3)(n) of the Act, your Directors wish to state that the Company has drawn and implemented a Risk Management Policy including identification of elements of risks, if any, which may threaten

the existence of the Company. The above policy is being reviewed/re-visited once a year or at such other intervals as deemed necessary for modifications and revisions, if any.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The employees are free to report violations of applicable laws and regulations and the Code of Conduct.

The policy provides for a formal mechanism for all the directors, employees to report to the Management their genuine concerns or grievances about unethical behaviour, actual or suspected fraud and any violation of the Company's Code of Business Conduct and Ethics policy.

The Company has also provided direct access to the Chairman of the Audit Committee on reporting issues concerning Company. The Policy is available on the Company's website www.haritextilemillsltd.com

During the year under review, no employee was denied access to the Audit Committee. The said policy is available on the website of the Company.

POLICY ON PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the Workplace, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under. The Policy aims to provide protection to employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure.

The Company has not received any complaint of sexual harassment during the financial year 2020-21.

AUDITORS' REPORT

STATUTORY AUDITOR'S REPORT

In terms of Section 134(2) and 134(3) of the Act, your Directors are pleased to inform that there are no qualifications, reservation or adverse remark or disclaimer made by the statutory auditors of the Company in their audit report for the financial year FY 2021-22.

INSTANCES OF FRAUD, IF ANY REPORTED BY THE AUDITORS

There have been no instances of fraud reported by the Auditors under Section 143(12) of the Act.

STATUTORY AUDITORS

The financial statements for the year under review have been audited by M/s. S. N. Roy & Co. (FRN- 313054E), Chartered Accountants, Statutory auditors of the Company.

In terms of Section 139 of the Companies Act, 2013 and the rules framed thereunder, M/s. S. N. Roy & Co., Chartered Accountants were appointed as the Statutory Auditor of the Company at the 44th AGM held on 25th September, 2018 for a period of 5 years upto the conclusion of the 49th AGM of the Company.

SECRETARIAL AUDITOR

In terms of Section 204 of the Companies Act, 2013 and the rules framed thereunder, the Company had appointed Mr. Anil Kumar Dubey, partner of M & A Associates, Practicing Company Secretaries (Membership No. 9488 & CP No – 12588) to undertake the Secretarial Audit of the Company.

The Secretarial Audit Report for the financial year ended 31st March, 2022 is set out as an Annexure - IV and forms a part of this report.

Secretarial Auditor has pointed out the non-appointment of the Company Secretary in terms of the Section 203 of Companies, 2013 and Regulation 6 of the SEBI (LODR) Regulations, 2015, in this regard our submission is that due to pandemic we could not get any suitable candidates and further Company is loss making Company therefore its resources not allowing to hire any Company Secretary. However, we are glad to inform that to meet the compliance requirements of the Company, we have appointed Company Secretary as on 23.08.2022.

ANNUAL RETURN

The Annual Return as on the Financial Year ended on March 31, 2022 as required under Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 (as amended) is available on the website of the Company at www.haritextilemillsltd.com .

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion & Analysis Report, in terms of Regulation 34 read with Schedule V of the SEBI Listing Regulations, 2015 is annexed as an Annexure-V and forms part of this Annual Report.

PUBLIC DEPOSIT

Your Company has not accept any deposit from the public during the financial year within the meaning of Section 73 of the Companies Act, 2013 or the Companies (Acceptance of Deposits) Rules, 2014 nor does it hold any public deposit.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

As per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") and applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder, the Company has no subsidiaries or associate company.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

CONSERVATION OF ENERGY, TECHNOLOGICAL ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO

Since your Company is a trading company and does not own any manufacturing facility, the requirement relating to providing the particulars relating to conservation of energy and technology absorption as per Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, are not applicable.

Accounting of Foreign Exchange Transactions:-

	2021-2022	2020-21
C.I.F. Value of Imports	NIL	NIL
Expenditure in Foreign Currency	NIL	NIL
Earnings in Foreign Exchange	NIL	NIL

CORPORATE GOVERNANCE

During the year under review, Company does not fall under the any of the criteria of the Regulation 15(2) of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 i.e. its Paid up share capital and Net Worth are less than 10 Crores and 25 Crores respectively. Therefore the Compliance with Corporate Governance provisions as per Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 are not applicable to the Company.

PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading for its Designated Persons in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code lays down Guidelines, which advise the insiders on procedures to be followed and disclosures to be made, while dealing with the shares of the Company, and cautioning them of the consequences of violations. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed.

The code of conduct for Prevention of Insider Trading is posted on the website of the Company and can be accessed at: www.haritextilemillsltd.com

All the Board of Directors and designated employees have confirmed compliance with the Code.

INTERNAL FINANCIAL CONTROLS

Your Company has in place adequate internal financial controls. This ensures that all transactions are authorised, recorded and reported correctly and assets are safeguarded and protected against loss from unauthorized use or disposition.

We have documented policies and procedures covering all financial and operating functions and processes. The Company's internal control system is commensurate with its size, scale and complexities of its operations.

The Audit Committee oversees and reviews the functioning of the entire audit team and the effectiveness of internal control system at all levels and monitors the implementation of audit recommendations. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee.

Your Directors confirm that during the year under review, there were no reportable material weaknesses in the present systems or operations of internal controls.

SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

Your Directors confirm that Ministry of Corporate Affairs has launched prosecution on the alleged non-attachment of the Secretarial Audit Report in the AOC-4XBRL for the financial year ended on 31st March, 2017. The Company is contesting and the matter is sub-judice before the Ld. Chief Judicial Magistrate, Alipore, Kolkata

DETAILS OF APPLICATION MADE OR ANY PROCEEDINGS PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 DURING THE YEAR AND THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR

There is no application made or pending during the year under the review.

DETAILS OF DIFFERENCES BETWEEN AMOUNT OF VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASON THEREOF

There is no loan taken by the company from any banks or financial institution during the year under the review

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

No material changes or events affecting the financial position of the Company have occurred between the end of the financial year of the Company to which the financial Statements relates and the date of this report.

SECRETARIAL STANDARD

The Company has complied with the applicable Secretarial Standard(s) (as revised from time to time) issued by ICSI and approved by Central Government.

APPRECIATION

Your Directors would like to acknowledge the role of all its stakeholders' viz., shareholders, bankers, lenders, borrowers and all others for their continued support to your Company and the confidence and faith that they have always reposed in your Company.

Your Directors acknowledge and appreciate the guidance and support extended by all the Regulatory authorities including Securities Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA), Registrar of Companies, Kolkata, the Stock Exchanges and the NSDL. We value the professionalism of all the employees who have proved themselves in a challenging environment and whose efforts have stood the Company in good stead and taken it to present level.

For and on behalf of the Board

Place: Kolkata

Dated: 23rd August, 2022

Registered Office:

19, Amratolla Street, Kolkata – 700 001

**Sd/-
Sanjay Kumar Todi
Whole Time Director
DIN – 00029270**

**Sd/-
Archana Sanjay Todi
Director
DIN – 00047870**

Particulars of Contracts/Arrangements made with Related Parties

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 – AOC- 2]

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

Details of contracts or arrangements or transactions not at Arm's Length Basis:

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2022, which were not at arm's length basis.

Details of material contracts or arrangement or transactions at arm's length basis:

The details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2022 are as follows:

Name of Related Party	Nature of Relationship	Nature of Contract	Duration of Contract	Salient Terms	Amount paid as advances, if any
Sweety Apparels Pvt Ltd.	Enterprises over which significant influence of directors	Trade Receivables	Continues transaction	Nil	3,92,876
Continental Agencies Pvt Ltd.	Enterprises over which significant influence of directors	Investments	Continues transaction	Nil	25,000
Madhva Textile Processors Pvt. Ltd.	Enterprises over which significant influence of directors	Investments	Continues transaction	Nil	6,00,000
Nirman Legal Consultancy Services Pvt Ltd.	Enterprises over which significant influence of directors	Investments	Continues transaction	Nil	2,70,000

Note: Appropriate approvals have been taken for Related Party Transactions.

For and on behalf of the Board

	Sd/- Sanjay Kumar Todi Whole Time Director DIN – 00029270	Sd/- Archana Sanjay Todi Director DIN – 00047870
Place: Kolkata		
Dated: 23rd August, 2022		

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013, READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) AMENDMENT RULES, 2016

I.

The Non-Executive Directors of the Company are entitled for sitting fees as per the statutory provisions and within the limits approved by the shareholders. The ratio of remuneration and percentage increase in remuneration for Non-executive Directors is therefore not considered for the above purpose.

A. The percentage increase in remuneration of each Director, during the financial Year 2021-22:

Sl.No.	Name of Director / KMP	Designation	% increase in Remuneration
1.	Sanjay Kumar Todi	Whole time Director	33.33
2.	Archana Sanjay Todi	Director	NIL
3.	Krishna Kumar Todi	Director	NIL
4.	Om PrakashTodi	Director	NIL
5.	Lakshmi Kant Shah	Independent Director	NIL
6.	Kishore Kumar Shah	Chief financial Officer	18.33

B. The number of permanent employees on the rolls of the Company as on 31st March, 2022:-There were 4 employees on the rolls of the Company.

C. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:-Nil

D. Affirmation that the remuneration is as per Remuneration Policy of the Company: It is hereby affirmed that the remuneration paid to KMPs and other employees are as per the Nomination & Remuneration Policy of the Company.

II. During the year the Company had not engaged any employee drawing remuneration in exceeding the limit specified under Section 197(12) read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) rules, 2014.

For and on behalf of the Board

Place: Kolkata

Dated: 23rd August, 2022

Sd/-
Sanjay Kumar Todi
Whole Time Director
DIN – 00029270

Sd/-
Archana Sanjay Todi
Director
DIN – 00047870

NOMINATION AND REMUNERATION POLICY

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

Definitions:

“**Remuneration**” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;

“**Key Managerial Personnel**” means:

- i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- ii) Chief Financial Officer;
- iii) Company Secretary; and
- iv) Such other officer as may be prescribed.

“**Senior Managerial Personnel**” mean the personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management of rank equivalent to General Manager and above, including all functional heads.

Objective:

The objective of the policy is to ensure that :-

- To lay down criteria and 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 Senior Management and Key Managerial positions.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies.
- 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;
- to retain, motivate, promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- 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.

APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his / her appointment, as per Company's Policy.

- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
- c) Appointment of Independent Directors is subject compliance of provisions of section 149 of the Companies Act, 2013, read with schedule IV and rules there under.
- d) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution.
- e) The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Regulations and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

TERM / TENURE

a) Managing Director/Whole-time Director:

- i. The Nomination and Remuneration Committee shall identify a person according to the requirements of the Company for the above position and recommend their appointment to the Board including the terms of appointment and remuneration.
- ii. The Board shall consider the recommendation of the NRC and accordingly approve the appointment and remuneration. The appointment of MD, JMD, WTD shall be subject to the approval of the Shareholders.

- iii. Appointment of other employees will be made in accordance with the Company's HR Policy.

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

EVALUATION

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary.

REMOVAL

The Committee may recommend with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013, rules and regulations and the policy of the Company or by the Board on its own if the person commits a breach of the duties, functions and responsibilities or obligations on any reason prescribed by the law or AOA or the Listing Agreement or for reason of poor performance as measured as a result of performance evaluation.

POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL

1) Remuneration to Managing Director:

- a) The Managing Director shall be eligible for remuneration as may be approved by the Shareholders of the Company on the recommendation of the Committee and the Board of Directors. The Remuneration/ Commission etc. to be paid to Managing Director shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
- b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director.

2) Remuneration to Non- Executive / Independent Directors:

- a) The Non-Executive / Independent Directors may receive sitting fees for attending meeting of the Board and the committee and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the

Nomination and Remuneration Committee and approved by the Board of Directors.

- b) The profit-linked Commission shall be paid within the monetary limit approved by the Shareholders of the Company subject to the same not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Regulations.
- c) An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company. Non-Executive Directors are eligible for Stock Options as approved by the shareholders.
- d) Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
 - i) The Services are rendered by such Director in his capacity as the professional; and
 - ii) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

Any incidental expense incurred by the Directors with relation to the participation in the meetings of the Board and other Sub Committees shall be reimbursed.

3) Remuneration to Executive Directors, Key Managerial Personnel and Senior Management:

- a) The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
- b) Remuneration of Executive Directors, Key Managerial Personnel and Senior Management is determined and recommended by the Nomination

& Compensation Committee and approved by the Board. Remuneration of Executive Directors is also subject to the approval of the shareholders.

- c) The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

IMPLEMENTATION

- The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- The Committee may Delegate any of its powers to one or more of its member.