

ACKNIT INDUSTRIES LIMITED

COMPANY'S POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

In accordance with Section 178 of the Companies Act, 2013 the Nomination and Remuneration Committee has formulated Remuneration Policy ("the policy").

The objective of the policy is to ensure that Executive Directors and other employees are sufficiently compensated for their performance. The Policy seeks to provide criteria for determining qualifications, positive attributes and independence of a director.

Criteria and qualifications for appointment of Directors:

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 to the Board his / her appointment. While ascertaining the qualifications of Directors the Committee shall take into account following points:

- Director must have relevant experience in Finance/ Law/ Management/ Sales/ Marketing/ Administration/ Research/ Corporate Governance/ Technical Operations or the other disciplines related to company's business.
- Director should possess the highest personal and professional ethics, integrity and values.
- Director must be willing to devote sufficient time and energy in carrying out their duties and responsibilities.
- Independent Director shall meet all criteria specified in Section 149(7) of the Companies Act, 2013 and rules made thereunder and Clause 49 of the Listing Agreement entered into with the Stock Exchange(s).

Remuneration Policy of Directors, Key Managerial Personnel and other Employee:

Directors

Nomination and Remuneration Committee shall recommend the remuneration, including the commission based on the net profits of the Company for the Non-Executive Director(s) and Whole-time Director(s) and other Executive Director(s). This may be then approved by the Board of Directors and shareholders. Prior approval of shareholders will be obtained wherever applicable in case of remuneration to Non-Executive Director(s).

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and variable pay to Managing Director(s) and Whole-time Director(s). Salary is paid within the range approved by the Shareholders. Annual increments may recommended by the Nomination and Remuneration Committee, and then approved by the Board. The perquisites package shall also be approved by the Remuneration Committee and it shall be within the prescribed ceiling.

The remuneration paid to Executive Director(s) is determined keeping in view the industry benchmark and the relative performance of the Company to the industry performance.

Perquisites and retirement benefits are paid according to the Company policy as applicable to all employees.

Independent and other Non-Executive Director(s) are appointed for their professional expertise in their individual capacity as independent professionals / Business Executives. Independent and other Non-Executive Director(s) shall receive sitting fees for attending the meetings of the Board and Committees which shall be approved by the Board and/or shareholders, as the case may be.

Key Managerial Personnel and Other Employees

The remuneration of Key Managerial Personnel and employees largely consists of basic salary, perquisites, allowances and performance incentives. Perquisites and retirement benefits are paid according to the Company policy, subject to the prescribed statutory ceiling.

The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience / merits, performance of each employee. The Company while deciding the remuneration package takes into consideration current employment scenario and remuneration package of the industry.

The annual variable pay of managers is linked to the performance of the Company in general and their individual performance for the relevant year measured against Company's objectives fixed in the beginning of the year.