



TCNS CLOTHING CO LIMITED

POLICY ON NOMINATION, REMUNERATION AND BOARD DIVERSITY

[Pursuant to Section 178 of the Companies Act, 2013 and Regulation 19(4) read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Effective Date: 2nd February 2018 and amended on 8th February 2019.

1. PREAMBLE

The board of directors (the “**Board**”) of TCNS Clothing Co. Limited (“**Company**”) on the recommendation of nomination and remuneration committee (the “**Committee**”) has approved and adopted this nomination, remuneration and board diversity policy (the “**Policy**”) in compliance with the provisions of Section 178 of the Companies Act, 2013 and rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”).

2. OBJECTIVES

The main objectives of this Policy are:

- (a) To lay down the criteria and the terms and conditions with regard to identifying the relevant person(s) who are qualified to become directors (executive and non-executive including independent directors), key managerial personnel (“**KMP**”) and persons who may be appointed in senior management positions.
- (b) To lay down criteria for determining the Company’s approach to ensure adequate diversity in its Board.
- (c) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage for the Company.
- (d) To determine remuneration framework of directors, KMPs and other senior management personnel’s keeping in view all relevant factors including industry trends and practices.

3. ATTRIBUTES, QUALIFICATIONS AND DIVERSITY

Directors and Key Managerial Personnel

- (i) The Committee shall be responsible for identifying a suitable candidate for appointment as director or as KMP of the Company.
- (ii) The Company recognises the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. On such basis, the Board of the Company consists of such number of directors as is necessary to effectively manage the Company, subject to a minimum of 3 (three) and maximum of 15 (fifteen) directors with an appropriate combination of executive, non-executive, independent director and woman director. The Company also appoint a Chairman and a Managing Director or Chief Executive Officer. The Company ensure that the role of the Chairman, and Managing Director or Chief Executive Officer shall not be exercised by the same individual.



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- (iii) While evaluating a person for appointment / re-appointment as director or as KMP, the Committee shall consider and evaluate number of factors including but not limited to background, knowledge, skills, abilities (ability to exercise sound judgement), professional experience & functional expertise, educational and professional background, personal accomplishment, age, experience, understanding of the telecommunication sector / industry, marketing, technology, finance and other disciplines relevant to the business etc. and such other factors that the Committee might consider relevant and applicable from time to time towards achieving a diverse Board. The director or as KMP will also be able to devote sufficient time and efforts in discharge of duties and responsibilities effectively.
- (iv) The Committee shall ensure that the proposed director satisfies the following additional criteria:
- Eligible for appointment as a director on the Board of the Company and is not disqualified in terms of Section 164 and other applicable provisions of the Companies Act 2013 and the Listing Regulations.
 - A Managing Director or Whole-time Director or Manager should in addition to the above fulfil the conditions specified in Section 196 of the Act.
 - The Company shall not appoint or continue the employment of any person as Managing Director / Whole Time Director/ Manager who is below the age of twenty one years or has attained the age of seventy years. Further, Company shall not appoint or continue the employment of any person as non- executive director who has attained the age of seventy five years.
- Provided that such aforesaid threshold age may be extended beyond the age of seventy/ seventy five years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for such extension.
- Does not hold directorship in more than 20 (twenty) companies (including private and public limited companies) or 10 (ten) public limited companies incorporated in India.
- (v) A whole time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of the Company.
- (vi) While evaluating a person for appointment / re-appointment as an independent director, the Committee shall ensure that the proposed appointee satisfies the following additional criteria:
- Meet the baseline definition and criteria of “independence” as set out in Section 149 of the Companies Act, 2013, the Listing Regulations and other applicable laws.



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- shall not hold the position of independent director in more than 7 (seven) Indian listed companies and if serving as a whole-time director/ managing director in any Indian listed company then in not more than 3 (three) Indian listed companies as required and specified under Regulation 17A of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.
- Should not hold any board / employment position with a competitor in the geographies where the Company is operating. However, the Board may in special circumstances waive this requirement.

(vii) The re-appointment / extension of term of any board members shall be on the basis of their performance evaluation report.

Note: Senior Management means officers/personnel of the Company who are members of its core management team excluding the board of directors and normally this shall comprise of all members of management one level below the chief executive officer/ managing director/ whole time directors/ manager (including chief executive officer/manager in case they are part of the board) and shall specifically include company secretary and chief financial officer..

4. TERM/ TENURE

(a) Managing director/ Whole Time Director/ Manager

The Company shall appoint or re-appoint any person as its Managing Director and CEO or Whole time Director for a term not exceeding five years at a time. Re-appointment shall be made before the expiry of term, based on an evaluation of the performance for a minimum period of three years.

(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.

5. REMUNERATION POLICY

(a) Board Members

The overall limits of remuneration (including the sitting fees and profit linked commission of the Board members including executive board members (i.e. managing director, whole-time director, executive directors etc.) and non-executive directors are governed by the provisions of the Companies Act, 2013 and rules made thereunder and approval obtained from the shareholders of the Company.

Within the overall limit approved by the shareholders, on the recommendation of the Committee, the Board shall determine the remuneration. The Board can determine different remuneration for different Directors on the basis of their role, responsibilities, duties, time involvement etc.



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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.

Any remuneration paid to Director for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of this clause (a) 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.

- (b) Remuneration to Key Managerial Personnel (other than Managing Director and Whole-Time Director), Senior Managerial Personnel and other employees.

The remuneration of KMP's (other than managing director and whole time director), Senior Management and other employees shall be approved by the Board and any revision thereof shall be done as per the compensation and appraisal policy of the Company.

The remuneration payable to KMP's (other than managing director and whole- time director), Senior Management Personnel shall consist of (a) fixed pay, which is payable monthly and include basic pay, contributions to retirement benefits, house rent allowance or company-leased accommodation and other allowances as per the Company's policy; (b) variable pay (paid at the end of financial year) directly linked to the performance of the individual employee (i.e. achievement against pre-determined KRA's), his / her respective business unit and the overall Company performance; (c) long term incentive / ESOPs, as may be decided by the Committee from time to time.

The Committee may periodically review the remuneration payable to the directors, Senior Management personnel and key managerial personnel and recommend any revision thereof on the basis of financial condition of the Company and performance of the director, senior management personnel and or key managerial personnel.

- (c) Loan and advances to directors, key managerial personnel, and senior management personnel The Committee shall review and approve the loans and advances to directors in line with the requirements of provisions of Companies Act, 2013 and rules made there under. Loan and advances to key managerial personnel, senior management should be as per the company's compensation and appraisal policy.

6. PERFORMANCE EVALUATION OF DIRECTORS

The Nomination and Remuneration Committee shall specify the manner and criteria for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, or by Committee or by an independent external agency and review its implementation and compliance.

7. DISCLOSURES BY THE COMPANY

This Policy shall be disclosed in the Company's annual report.



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8. AMENDMENT TO THE POLICY

The Committee is authorised to amend the Policy to give effect to any changes / amendments notified by Ministry of Corporate Affairs or Securities and Exchange Board of India with regards to any matter covered by this policy. Thereafter, this Policy shall be placed before the Board for noting and ratification. Any questions and clarifications relating to this Policy should be addressed to the Company Secretary.