

**NAGINA COTTON MILLS LIMITED**  
**SIGNIFICANT BUSINESS POLICIES**

**1. Risk Management**

The company shall protect all of its assets (human, financial and non-financial) against various risks by taking appropriate measures including effective and efficient internal controls and adequate insurance covers.

**2. Human Resource**

The company gives prime importance to its most valuable resource, its people and has formulated comprehensive policies to manage the team members, to employ the most able persons without any discrimination and make them a valuable part of the organization by appraising their performance and improving their skills through continuous training and development.

The Company also seeks to attract and retain qualified employees who are willing to contribute their best possible efforts to achieve the business objectives of the company.

The management has succession plans in place whereby young professional qualified individuals are hired as "Management Trainees" for the key positions to fill the gaps that may be created after the retirement or separation of existing experienced employees.

**3. Procurement of Goods and Services**

Goods and services would be bought at best prices only for the business purposes without compromising quality. The management would follow the approved procedures and controls to ensure timely and economical procurement.

**4. Marketing**

The company would take different measures for introducing its products to the customers locally and internationally. The marketing department will visit overseas customers to introduce its product and to determine any product development in the international market including gathering information regarding innovations in latest textile machinery.

Local sales will be made with the help of local sales agents. Local and international visits shall be made with the object of strengthen bond with existing customers and to explore new markets.

**5. Credit And Discount to Customers**

For export sales shipment would be made mostly against irrevocable letter of credit. However, in special circumstance, goods may be shipped on credit or any other mode of settlement.

If goods are shipped on credit, specific permission in writing will be taken from the Chief Financial Officer of the company.

For local sales credit to customers would be allowed on the basis of their credit evaluation reports, reputation and supply and demand conditions of the market.

Discount is not allowed to all customers rather it is limited to a small number of local and foreign buyers keeping in view their creditworthiness and norms of the industry.

**6. Write-off of bad debts and other assets**

Doubtful receivables outstanding for more than 3 years shall be written off by Chief Financial Officer. However, prior approval of Chief Executive Officer is required to write-off any asset of the company including receivables, advances, inventory and fixed assets.

## **7. Acquisition and Disposal of Fixed Assets**

Fixed Assets shall be acquired keeping in view the expansion plans and long term benefits of the company. Redundant, obsolete and expired fixed assets should be disposed at best available price. Decisions for acquisition and disposal shall be approved by the Board and applicable laws, regulations and its own internal control procedures should be followed for this purpose.

## **8. Investment**

Surplus funds should be invested preferably in the risk free securities and deposits. The investments maturing more than six months and their divestitures are required to be approved by the Board.

## **9. Borrowing Powers**

The Board is empowered by the Articles of Association of the company and the Companies Act, 2017 for borrowing money to meet the day to day financial needs of the company.

## **10. Donations and Charities**

The company would contribute in the betterment of society by donating its funds to deprived and deserving persons/organization. However investigations shall be conducted before the release of funds, to verify the request of applicant, by the CEO or any other person authorized by him in this behalf.

Prior approval of the Board is required to release the funds. However, the Board may authorize Chairman and/or CEO to approve payments in its behalf.

## **11. Delegation of Financial Powers**

The list of authorized signatories alongwith respective authority levels shall be approved by the Board of Directors and no other person is authorized to exercise financial powers except prior approval of Board. The Board may authorize Chief Executive Officer of the Company to authorize officers of the Company to exercise financial powers. The Board is responsible to communicate the list of authorized signatories to concerned organizations.

## **12. Transactions with Associated Undertakings**

The transactions with associated undertakings will be governed in accordance with section 208 of the Companies Ordinance, 1984 and no preferential treatment would be given while dealing with associated undertakings and related parties.

## **13. Health, Safety and Environment**

Industrial growth and increased population has raised concerns for environmental issues. We endeavor to provide safe and healthy working environment.

The management will ensure, as far as is reasonably practicable, the safety of their employees and other people at work by maintaining safe premises, plant & machinery and implementing system of proper safety instructions.

The company shall have adequate health insurance cover for its employees.

### **Grievances Handling Policy**

#### **Objective**

1. To encourage employees of the Company to share their grievances at the appropriate forum within the Company.
2. To build confidence amongst employees in the management's unbiased approach and resolve to treat all employees in just and fair manner.
3. To devise a procedure for grievances reporting and resolution.

## **SCOPE**

This policy is applicable to all employees of the Company.

## **PROCEDURES**

1. Employees are encouraged to bring to the attention of immediate supervisors / managers any dissatisfaction with alleged discrimination and unfair treatment with regards to work schedules, assignments and working conditions.
2. Employees can raise concerns without fear of reprisal. Informal resolution of disputes is encouraged. However if a matter is deemed important, the following steps may be taken.

Step One: To encourage informal resolution, an employee shall orally discuss the dispute with the immediate supervisor/manager. They will discuss it and agree upon a plan to resolve it.

Step Two: If informal resolution is not successful or if the dispute is with the employee's immediate supervisor/manager, a written statement of the dispute shall be submitted to the General Manager Admin / Human Resource. He will meet with the employees involved in the dispute and they will agree upon a plan to resolve it.

Step Three: If informal resolution is not successful or if the dispute is not settled by General Manager Admin / Human Resource, a written statement of the dispute / grievance shall be submitted to the Chairman and /or Mg. Director. He will meet with the employee concerned and agree upon a plan to resolve it. Employee is bound to act upon the recommendation(s) of the Chairman / Mg. Director.

### **Succession Plan:**

To ensure availability of sufficient number of appropriately qualified and competent employees from internal sources to meet the future human resource needs of the organization, Human Resource Department shall identify suitable employees in the early stages of their careers and groom through a process of job rotation and training, to assume more responsible positions in the organization arising due to promotions, transfers, retirement or death of key employees.

### **Whistle Blowing Policy:**

#### **Objectives**

The Company is committed to high standards of ethical, moral and legal business conduct. In line with this commitment, the main objective of the policy is to enable all individuals to voice concerns internally in a responsible and effective manner when they discover information, which they believe shows serious malpractice and impropriety. Other objective is the whistleblower's protection from victimization, harassment or disciplinary proceedings.

#### **What is Whistle blowing:**

Whistleblowing is the confidential disclosure by an individual of any concern encountered in the workplace relating to a perceived wrongdoing.

#### **Scope of The Policy:**

This policy shall cover the concerns relating to the Company, its Sponsors, Employees and trading partners.

#### **Types of Concerns**

1. Financial malpractice or impropriety or fraud.
2. Un-ethical and illegal conduct including sexual, physical or other abuses.
3. Damage to the environment including health and safety risks.
4. Gross misconduct of Company's code of ethics.

## **Safe Guards**

Whistle blower shall be safeguarded from victimization, harassment or disciplinary action as a result of any disclosure, where the disclosure is made in good faith and is not made maliciously or for personal gain.

The identity of the whistleblower will be protected at all stages in any internal matter.

## **Process for Raising a Concern**

Types of concerns as mentioned above should be reported to the Investigating authority in the following hierarchy.

1. If the matter relates to whistle blower's own department or relates to his/her colleague, then he/she should raise the matter to the concerned department's manager and/or Head of the department.
2. If the matter relates to misconduct and/or malpractice committed by the Head of the department or any other matter, which cannot be addressed as per serial-1 above, then whistle blower should report the matter to Concerned Sponsor Director of the Company.

## **How to Communicate the Concerns**

1. Whistle blower can raise the matter in person by meeting the concerned Investigation authority.
2. The Whistleblower can raise concern by email or Postal mail (named or anonymous) Reports should be marked Private and Confidential,

## **Procedure**

- a. Whistle blower to provide full details, clarifications along with supporting evidences of the complaint.
- b. The investigating authority should inform the member of staff against whom the complaint is made as soon as is practically possible.
- c. The allegations should be fully investigated by the investigating officer with the assistance where appropriate, of other individuals / bodies.
- d. The investigating authority will make a judgment concerning the bona fide of the Concern raised by the whistle blower. This judgment will be detailed in a written report containing the findings of the investigations and reasons for the judgment.
- e. The Whistle blower should be kept informed of the progress of the investigations and, if appropriate, of the final outcome.
- f. The investigation authority will prepare a report and its recommendations and submit to the Chief Executive and/or Chairman of the Company.
- g. The Chief Executive and/or Chairman of the Company shall specifically ensure that whistle blower raised the matter without any malicious mind and investigation done by the investigating authority in a objective and fair manner.
- h. The Chief Executive and/or Chairman of the Company will review the report and assess the accuracy and facts mentioned in the report and if found suitable allow implementation of recommendations or otherwise decide what action(s) to be taken including Disciplinary and Misconduct proceedings.

If the whistle blower is not satisfied that his/her concerns are not addressed properly by the Investigation authority, then they have the right to raise it in confidence with the Chief Executive or the Chairman as the case may be.

## FORMAL REMUNERATION POLICY APPROVED BY

**POLICY:** The Company is committed to achieving sustained improvements in performance and this depends crucially on the individual contributions made by the executive team and by employees at all levels. The Board believes that an effective remuneration strategy plays an essential part in the future success of the Company.

Accordingly, the remuneration policy will reflect the following broad principles:

- the remuneration of both Executive and Non-Executive Directors and other members of Senior Management should reflect their responsibilities and contain incentives to deliver the Company's performance objectives without encouraging excessive risk taking;
- remuneration must be capable of attracting and retaining the individuals necessary for business success without being able to be perceived as compromising their independence;
- remuneration policy must be sufficiently flexible to take account of changes in the business environment and market practices;
- total remuneration should be based on Company's and individual performance, both in the short and long term;
- the system of remuneration should establish a close identity of interest between senior executives and shareholders through measures such as encouraging the senior executives to acquire shares in the Company.
- When determining remuneration, the committee will take into account pay and employment conditions elsewhere in the Group.

**PROCEDURE:** Keeping in view the above policy, HR & R Committee of the Board will recommend the remuneration / meeting fee of the Executive and Non-Executive directors of the Company for rendering services / attending the Board meetings and its committee meetings.

---