



# **NOMINATION AND REMUNERATION POLICY OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL**

## **NAGA LIMITED**

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## **NOMINATION AND REMUNERATION POLICY:**

### **1. PREFACE:**

- a) The Company considers human resources as an important constituent and views it as an invaluable intangible asset for being able to effectively drive its business and pursue growth objectives. It is committed to paying remuneration to all its employees appropriate to their respective role and responsibilities in the Company and comparable to the norms prevailing in the industry and in the neighbourhood from time to time.
- b) The Company recognizes the inherent constraint in relating remuneration to individual performance levels and fixing meaningful benchmarks for the variable pay. It is engaged in a highly regulated industry prone to significant volatility in the pricing of input and output. It is further engaged in an agro based industry and is hence exposed to significant agro climatic risks severely impacting operating performance. Such external factors being in entirely beyond the control of KMP and Senior Management, the Company desires that their pay must get insulated from these adversities.
- c) The Company even though has family ownership is professionally managed. It has constantly been able to draw board level expertise on the strength of its reputation, ethical conduct, transparency in dealings and a conducive board environment.
- d) This Nomination and Remuneration Policy (the Policy) has been formulated in compliance of Section 178 of the Companies Act, 2013.

### **2. APPLICABILITY:**

The policy is applicable to

- All Directors – both Executive and Non-Executive.
- Key Managerial Personnel(KMP)
- Senior Management Personnel

### **3. DEFINITIONS:**

- a) All terms used in this policy have the same meaning assigned to it in the Companies Act, 2013, as in force from time to time.
- b) Senior management means the employees of the Company, other than KMP's, forming part of its core management team. Normally this would comprise all members of management in ranks equivalent to business heads and above.
- c) Singular will include Plural and Masculine will include Feminine as relevant and appropriate.

### **4. OBJECTIVES:**

- a) To formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- b) To formulate the criteria for evaluation of Independent Directors and the Board.
- c) To identify persons who are qualified to become Directors and who may be appointed as KMP's in accordance with the criteria laid down in this policy.
- d) To carryout evaluation of every Director's performance.
- e) To recommend to the Board the appointment and removal of Directors, KMP's and Senior Management.
- f) To recommend to the Board policy relating to remuneration for Directors, KMP's and Senior Management.
- g) To ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance bench marks.
- h) To advise a policy on Board diversity.
- i) To assist the Board in formulating an orderly succession plan for the appointment to the Board and KMP.
- j) To carryout any other function as is mandated by the Board from time to time and/ or enforced by any statutory notification, amendment or modification, as may be applicable.

- k) To perform such other functions as may be necessary or appropriate for the performance of its duties.

#### **5. COMMITTEE PROCEEDINGS:**

- a) The composition of Nomination and Remuneration Committee (the Committee), its powers and duties, role and responsibilities, conduct of meetings and matters incidental thereto shall be governed by extant provisions of the Companies Act, 2013.
- b) A member of the Committee shall not be present and must abstain from voting when the Committee is discussing his reappointment or remuneration or is evaluating his performance. Such a restriction will apply when the item of business concerns his relatives as well.
- c) The Committee may engage outside experts or invite any officer or employee of the Company to obtain their views and assistance in pursuing its role.

#### **6. BOARD DIVERSITY:**

- a) The Company shall have an appropriate balance of Executive and Non-Executive Directors as well as Independent and Non Independent Directors and Woman Director in accordance with the Companies Act, 2013.
- b) The Board composition shall ensure an optimal balance of expertise drawn from industry, management, finance and other disciplines.

#### **7. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT:**

##### **APPOINTMENT CRITERIA:**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise, experience of the person for appointment as Director or KMP or SMP (i.e., Business Heads) and recommend to the Board his/ her appointment.

- b) A person should possess adequate qualification, expertise and experience for the position considered. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/ satisfactory for the concerned position.
- c) The Committee must satisfy that the person being considered for appointment as Director does not suffer any disqualification under Section 164 of the Companies Act, 2013.
- d) Appointment of Independent Director is subject to compliance of and his conforming to all conditions specified under Section 149 of the Companies Act, 2013, read with Schedule IV thereto and the Rules made thereunder.
- e) The Committee shall ensure that statutory formalities under the Companies Act, 2013, including passing requisite resolution in general meeting and filing appropriate returns and declarations with MCA are duly complied with.

**RETIREMENT:**

The Director, KMP and Senior Management shall retire as per applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain any of them in the same position, remuneration or otherwise even after attaining the normal superannuation age, for the benefit of the Company.

**REMOVAL:**

The Committee may recommend with reasons recorded in writing for the removal of a Director, KMP and Senior Management person subject to the provisions and compliance of the Companies Act, 2013, rules and regulations there under and the policy of the Company.

## **8. EVALUATION:**

- a) The Committee shall formulate the criteria for evaluation of Independent Directors and the Board.
- b) The Independent Directors at their separate meeting will review the performance of Non Independent Directors and the Board as a whole. They shall also review the performance of the Chairperson of the Company taking into account the views of both Executive and Non-Executive Directors.
- c) The performance evaluation of the Independent Directors shall be done by the entire Board, excluding the Director being evaluated.

## **9. MANAGING/ WHOLE-TIME DIRECTOR:**

- a) The Company shall have one or more managerial person. viz. Executive Chairman, Managing Director or Executive Director appointed in accordance with the Companies Act, 2013.
- b) Such an appointment shall ordinarily be for a term of three years but shall never exceed five years at a time.
- c) The Company shall have the same person occupying the position of Chairman and Managing Director.
- d) Reappointment shall not be done more than one year in advance of the expiry of the term.

## **10. REMUNERATION:**

Remuneration to Chairman and Managing Director/ Whole-time Director:

- a) The remuneration of Chairman and Managing Director/ Whole-time Director shall be governed by the provisions of the Companies Act, 2013 and Rules thereunder. It is subject to the approval of members by ordinary/ special resolution as applicable.

- b) The Committee shall make its recommendations from time to time to the Board for determining or revising the remuneration.
- c) The remuneration shall ordinarily comprise of fixed component, viz basic salary, other allowances and perquisites and retirement benefits. It would be structured in a tax-efficient manner as permissible under the tax laws of the country.
- d) The Chairman and Managing Director/ Executive Director/ Whole Time Director will also be eligible for variable pay, viz commission based on profits of the Company.
- e) Where the Company has no profit or inadequate profit in a financial year, it shall pay remuneration as per the provisions of the Companies Act, 2013.
- f) The remuneration is ordinarily fixed for the entire tenure with no annual increments or interim revisions. The Board on the recommendations of the Committee is however competent to change the terms of appointment any time within the over all limits approved by the shareholders and within the remuneration ceiling fixed by the Companies Act, 2013. However, the remuneration in excess of the ceiling limits fixed by the said act may be paid, if the resolution passed by the shareholders is a special resolution.
- g) No sitting fee is payable.
- h) No stock option is available as per present remuneration policy.

**REMUNERATION TO NON-EXECUTIVE/ INDEPENDENT DIRECTOR:**

- a) Non-Executive/ Independent Director are entitled for remuneration by way of sitting fees for attending meetings of the Board or Committee there of. It shall not exceed the maximum amount provided in the Companies Act, 2013 or Rules thereunder.
- b) No stock option is available for Non-Executive Directors including Independent Directors, as per present remuneration policy.
- c) Non-Executive Directors are entitled for traveling and other expenses incurred for attending Board/ Committee/ General meetings or in connection with attending to any business of the Company.

**REMUNERATION TO KMP/ SENIOR MANAGEMENT PERSON:**

- a) Remuneration to KMP and Senior Management shall consist of fixed component viz, basic pay, other allowances, perquisites and retirement benefits in accordance with the HR Policy of the Company.
- b) They are also eligible for a variable component as and by way of incentive payment determined by the Management. This will be decided based on the balance between performance of the Company and performance of the KMP/ Senior Management.
- c) Medical and accidental risk cover will be provided at appropriate levels for different grades.
- d) All statutory benefits available to workmen would be suitably considered for extension.

**11. IMPLEMENTATION:**

- a) The Committee may issue guidelines, procedures, formats, reporting mechanism to supplement or facilitate better implementation of this policy from time to time.
- b) The Committee may delegate any of its powers one or more of its members or to the Chairman and Managing Director.
- c) Deviations on elements of this policy under exceptional circumstances may be made by the Chairman and Managing Director in the interest of the Company but the same shall be reported to the Committee within 3 months.
- d) The Board of Directors on the recommendations of the Committee can amend this policy from time to time.

**12. DISCLOSURE:**

The details of this policy and the evaluation criteria as applicable shall be disclosed in the Annual Report as part of Board's Report therein. Alternatively, it may be put up on the Company's website and reference drawn thereto in the Annual Report.

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This policy was amended and reviewed by the Board of Directors in their meeting held on 26.05.2023.