

## NANDAN DENIM LIMITED

### NOMINATION AND REMUNERATION POLICY

#### 1. PREAMBLE

The Nomination and Remuneration Policy (“Policy”) was originally formulated pursuant to the provisions of Section 178 of the Companies Act, 2013 and rules made thereunder (‘the Act’) read with provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the SEBI’s Notification dated May 9, 2018 including amendments/modifications thereof (the ‘Listing Regulations’).

This Policy is designed to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and superannuation benefits. The Policy reflects the Company’s objectives for good corporate governance as well as sustained long term value creation for shareholders.

This Policy applies to Directors, Senior Management including Key Managerial Personnel (‘KMPs’) of the Company.

#### 2. OBJECTIVES

The Key Objectives of the Committee would be:

- a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- c) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- d) A succession plan for the Board, the Senior Management and the Key Managerial Personnel

#### 3. DEFINITIONS

“Board” means Board of Directors of the Company as defined under the Companies Act, 2013.

“Company” means “Nandan Denim Limited.”

“Employees’ Stock Option” means the option given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.

“Independent Director” means a director referred to in Section 149 (6) of the Companies Act, 2013 read with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“Key Managerial Personnel” (KMP) in relation to a Company means:

- (i) Chief Executive Officer or the Managing Director or the Manager,
- (ii) Company Secretary,
- (iii) Whole-time Director,
- (iv) Chief Financial Officer and
- (v) Such other officer as may be statutorily prescribed from time to time.

“Nomination and Remuneration Committee” shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Regulations.

“Policy or This Policy” means, “Nomination and Remuneration Policy.”

“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.

“Senior Management” means personnel of the Company who are members of its core management team excluding Board of Directors as defined under applicable provisions/regulations.

#### **4. ROLES OF THE NOMINATION AND REMUNERATION COMMITTEE**

Pursuant to Section 178 of the Companies Act, 2013 and Regulation 19 of the LODR, Nomination and Remuneration Committee has the following principal terms of reference:

1. To identify persons who are qualified to become Directors and who may be appointed in senior management positions in accordance with the criteria laid down, recommend to the Board their appointment and removal.
2. To determine whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
3. To specify the manner for effective evaluation of Board, its Committees and individual directors to be carried out either by the Board, by the Committee or by an independent external agency and review its implementation and compliance.
4. Devising a Policy on Board Diversity.
5. Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
6. To recommend a Policy to the Board relating to the remuneration for the Directors, KMP and other employees, for its approval.
7. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
  - a. use the services of an external agencies, if required;
  - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - c. consider the time commitments of the candidates.
8. To recommend to the Board remuneration proposed to be paid, to Executive Directors, Nonexecutive Directors (other than Independent Directors), Whole-time Key Managerial Personnel and Senior Management, with proper justification for such remuneration.
9. To seek information from management and have full access to the Company's records relevant to its functioning in discharge of its obligations.
10. To make recommendations to the Board on any matter within its purview, by passing appropriate resolutions.
11. To recommend the Board, all remuneration, in whatever form, payable to senior management.
12. To undertake related activities, functions and duties as the Board of Directors may from time to time, after deliberations, prescribe or as may be required to be undertaken in terms of any statutory or regulatory provisions.

## **5. APPOINTMENT AND REMOVAL OF DIRECTOR, KMPs AND SENIOR MANAGEMENT**

### **• APPOINTMENT CRITERIA AND QUALIFICATIONS:**

1. 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.

2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

3. The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager 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 based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

### **• REMUNERATION TO EXECUTIVE DIRECTOR, KMP AND SENIOR MANAGEMENT:**

#### **1. Fixed pay:**

Executive Director, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

#### **2. Variable pay:**

Certain portion or additional pay can be linked to KPI and paid to the Designated Person so covered & as approved by Board/ committee or Managing Director as per authorization from Board.

#### **3. Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

#### **4. Provisions for excess remuneration:**

If any Executive Director, KMP and Senior Management draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

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

**1. Remuneration / Commission:**

The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

**2. Sitting Fees:**

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

**3. Limit of Remuneration /Commission:**

Remuneration /Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

**4. Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company.

**6. REVIEW / AMENDMENT**

The Board of Directors of the Company, on recommendation of the Committee, may amend, abrogate, modify or revise any or all provisions of this Policy. However, amendments in the Act/other applicable laws shall be binding even if not incorporated in this Policy.

\* This revised Policy has been approved by the Board of Directors of the Company at its meeting held on 27<sup>th</sup> May, 2024 on the recommendation of the Nomination and Remuneration Committee of the Company