

KOVILPATTI LAKSHMI ROLLER FLOUR MILLS LIMITED

CIN : L15314TN1961PLC004674

Regd. Office : 75/8, Benares Cape Road, Gangaikondan-627352, Tirunelveli, Tamil Nadu

NOMINATION AND REMUNERATION POLICY

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Securities and Exchange Board of India (Listing Obligations and Disclosure) Regulations 2015, as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

OBJECTIVE:

The objective of this Policy are:

- 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 of the Board.
- c) to recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

DEFENITIONS:

- a. **"Act"** means Companies Act, 2013 (including any statutory modifications or re-enactments or amendments thereof for the time being in force);
- b. **"Board"** means the Board of Directors of the Company;
- c. **"Company"** or **"KLRF"** means Kovilpatti Lakshmi Roller Flour Mills Limited;
- d. **"Committee"** means Nomination and Remuneration Committee of the Company;
- e. **"Director"** means a director appointed in the Board of the Company as per the provisions of the Companies Act, 2013 and the Listing Regulations;
- f. **"Independent Director"** means a Director as defined under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations;

- g. **“Key Managerial Personnel”** means:
- i. the Chief Executive Officer or the managing director or the Manager;
 - ii. the Company Secretary;
 - iii. the Whole-time director;
 - iv. the Chief Financial Officer, and
 - v. such other officer as may be prescribed under the Act and such other persons identified and designated as Key Managerial Personnel by the Board.
- h. **“Listing Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any subsequent amendments or modifications or re-enactments thereof.
- i. **“Policy”** means this Nomination and Remuneration Policy.
- j. **“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;
- k. **“Senior Managerial Personnel”** or **“Senior Management”** or **“SMP”** means the officers / personnel of the company who are members of its core management team excluding Board of Directors and comprises of all members of management one level below the Chief Executive Officer / Managing Director / Whole-time Director / Manager (including Chief Executive Officer / Manager, in case they are not part of the Board, and including Company Secretary, Chief Financial Officer and all functional heads.

ROLE OF THE COMMITTEE:

The role of the Nomination and Remuneration Committee will be the following:

- a. To formulate the criteria for determining qualifications, positive attributes and independence of a director.
- b. To formulate and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other senior management personnel.
- c. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down by the Committee.
- d. To recommend to the Board the appointment and removal of Directors and senior management personnel.
- e. To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management, taking into account the following factors:
 - i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;
 - ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

- iii) remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:
- f. To recommend to the board, all remuneration, in whatever form, payable to senior management.
- g. To formulate the criteria for evaluation of performance of independent directors and the Board of Directors.
- h. To specify the manner for effective evaluation of performance of the Board of Directors, its committees and individual Directors, to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and to review its implementation and compliance.
- i. In every appointment of Independent Director, to evaluate the balance of skills, knowledge and experience on the Board, possessed by the person intended to be appointed as an Independent Director and on the basis of such evaluation, to prepare a description of the role and capabilities required of an independent director.
- j. To ensure that the person recommended to the Board for appointment as an Independent Director have all the capabilities identified by the Committee in the description of the role and capabilities required of an independent director
- k. For the purpose of identifying suitable candidates, the Committee may:
 - (i) use the services of an external agencies, if required.
 - (ii) consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - (iii) consider the time commitments of the candidates
- l. To recommend, 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
- m. To devise a policy on diversity of board of directors
- n. To ensure that an orderly succession plan is in place for appointment to the Board and Senior Management
- o. To carry out any other function as may be mandated by the Board from time to time and / or enforced by any statutory notification, amendment, modification or re-enactment thereof for the time being in force, as may be applicable
- p. To perform such other functions as may be necessary or appropriate for the performance of its duties

CRITERIA FOR APPOINTMENT/RE-APPOINTMENT AND REMOVAL OF DIRECTOR INCLUDING INDEPENDENT DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

- a) 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 his / her appointment, as per Company's Policy.

- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
- c) The Company shall obtain the approval of its shareholders for appointment or re-appointment of a person on the Board of Directors or as a Manager at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier;

Provided that if such appointment or re-appointment of a person to the board of directors or as a manager is subject to approval of regulatory, government or statutory authorities, then the time taken to receive such approvals shall be excluded for the purposes of this clause.

Provided further that the requirements specified in the above clause shall not be applicable to appointment or re-appointment of a person nominated by a financial sector regulator, Court or Tribunal to the board of the listed entity

- d) The appointment, re-appointment or removal of an Independent Director of the Company, shall be subject to the approval of shareholders by way of a special resolution.

Provided that where a special resolution for the appointment of an independent director fails to get the requisite majority of votes but the votes cast in favour of the resolution exceed the votes cast against the resolution and the votes cast by the public shareholders in favour of the resolution exceed the votes cast against the resolution, then the appointment of such an independent director shall be deemed to have been made under Regulation 25(2A) of the Listing Regulations. Such independent director shall be removed only if the votes cast in favour of the resolution proposing the removal exceed the votes cast against the resolution and the votes cast by the public shareholders in favour of the resolution exceed the votes cast against the resolution.

- e) The Company shall ensure that the appointment or a re-appointment of a person, including as a managing director or a whole-time director or a manager, who was earlier rejected by the shareholders at a general meeting, shall be done only with the prior approval of the shareholders. The statement referred to under subsection (1) of section 102 of the Companies Act, 2013, annexed to the notice to the shareholders, for considering the appointment or re-appointment of such a person earlier rejected by the shareholders shall contain a detailed explanation and justification by the Nomination and Remuneration Committee and the Board of directors for recommending such a person for appointment or re-appointment;

- f) The Company shall not appoint or continue the employment of any person as Managing Director or Whole-time Director 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.
- g) The Company shall not appoint a person or continue the directorship of any person as a Non-Executive Director who has attained the age of seventy five years unless a prior approval by means of special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person;

TERM / TENURE

Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director, Whole-time Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

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.

No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

The Independent Director, who resigns from the Company, shall be appointed as an Executive / Whole Time Director on the Board of the Company, its holding, subsidiary or associate company or on the board of a company belonging to its promoter group, unless a period of one year has elapsed from the date of resignation as an Independent Director.

EVALUATION

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary.

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

REMOVAL

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

RETIREMENT

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. Subject to the provisions of the Act or the Listing Regulations, the Board shall have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

CRITERIA FOR DETERMINING REMUNERATION TO DIRECTORS/ KMP/ SENIOR MANAGEMENT PERSONNEL

- 1) Remuneration to Managing Director / Executive Director / Whole-time Director:
 - a) The Remuneration / Commission etc. payable to Managing Director / Executive Director / Whole-time Director, etc. including the income components, perquisite, benefits, etc., shall be governed as per the provisions of the Companies Act, 2013 and its rules made there under or any other enactment and the Listing Regulations, including amendments or modifications or re-enactments for the time being in force.
 - b) All form of remuneration including its components, perquisites, benefits etc payable to Managing Director / Executive Director / Whole-time Director, etc. shall be determined and recommended by the Nomination and Remuneration Committee and the same shall be approved by the Audit Committee, Board of Directors and Shareholders with or without modifications as may be deemed appropriate subject to the provisions of the Companies Act, 2013 and its rules made there under or any other enactment and the Listing Regulations, including amendments or modifications or re-enactments for the time being in force.

- c) The fees or compensation payable to Managing Director / Executive Director / Whole-time Director, who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if-
 - i. the annual remuneration payable to such Managing Director / Executive Director / Whole-time Director exceeds rupees 5 crore or 2.5 per cent of the net profits of the Company, whichever is higher; or
 - ii. where there is more than one such Director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the Company;

Provided that the approval of the shareholders, as mentioned above, shall be valid only till the expiry of the term of such director.

2) Remuneration to Non- Executive / Independent Directors:

- a) The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- b) All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
- c) Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above 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.
- d) All fees or compensation, if any, paid to Non-Executive Directors, including Independent Directors shall require approval of the shareholders. The approval of shareholders shall specify the limits for the maximum number of stock options that may be granted to Non-Executive Directors, in any financial year and in aggregate. The requirement of obtaining approval of shareholders shall not apply to payment of sitting fees to Non-Executive Directors, if made within the limits prescribed under the Companies Act, 2013 for payment of sitting fees without approval of the Central Government;

- e) The approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single Non-Executive Director exceeds fifty per cent of the total annual remuneration payable to all Non-Executive Directors, giving details of the remuneration thereof.
 - f) The Company shall reimburse to the Directors, all the travelling and other out of pocket expenses incurred by them in attending the Meetings of the Board meetings, Meetings of Board Committees, Independent Directors Meeting, any meetings involving the Board of Directors and the General Body Meetings.
- 3) Remuneration to Key Managerial Personnel and Senior Management:
- a) The remuneration to Key Managerial Personnel and Senior Management may consist of fixed pay/ commission/ incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
 - b) The Fixed pay may include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund etc. as decided from to time.
 - c) The incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.
- 4) Remuneration and sitting fees paid by the Company or its subsidiary to its director, Key Managerial Personnel or Senior Management, except who is part of promoter or promoter group, shall require approval of the Audit Committee of the Company of the same is material in terms of the provisions of Regulation 23(1) of the Listing Regulations.
- 5) Company shall arrange for Directors' and Officers' Liability Insurance policy to protect from the statutory liability, if any, of all its Independent Directors and it may also extend the policy to protect from the statutory liability, if any, of the Executive Chairman, Chairman and Managing Director, Managing Director, Executive Director, Whole-time Director, Independent Director(s), Non-Independent Director(s), Key Managerial Personnel and Senior Management Personnel. The premium payable on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance should be treated as part of the remuneration.

IMPLEMENTATION

- The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- The Committee may Delegate any of its powers to one or more of its members.

AMENDMENT TO THE POLICY

The Board on its own and/or on the recommendations of the Nomination and Remuneration Committee can amend this policy, as and it deems fit.

- In case of any amendment(s), modification(s), re-enactment(s), clarification(s), circular(s) etc., issued by the competent authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), modification(s), re-enactment(s), clarification(s), circular(s) etc. shall prevail and this policy shall stand amended accordingly without any further action, from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

(The amendments to this policy has been approved by the Board of Directors, at their meeting held on 14th February, 2025 and the same has been made effective from 14th February, 2025).