



# Kkalpana Industries (India) Limited

## **Nomination and Remuneration Policy**

### 1. **INTRODUCTION:**

Pursuant to Section 178 of the Companies Act, 2013 (hereinafter referred to as 'Act') and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations'), the Board of Directors of every listed Company shall constitute the Nomination and Remuneration Committee.

In order to comply with the provisions of the Act and the amended SEBI Listing Regulations from time to time, the Board framed "Nomination and Remuneration Committee Policy" ('Policy') which shall be applicable to the Company and its subsidiaries from the date of its approval by the Board.

This Policy is designed to attract, motivate and retain quality people in a competitive market. It reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

The Policy applies to Directors, Key Managerial Personnel and other employees of the Company. This Policy does not cover temporary or contractual employees, trainees, apprentices, consultants engaged on a retainer basis or otherwise and casual labour.

### 2. **CONSTITUTION OF NOMINATION AND REMUNERATION COMMITTEE**

As per Regulation 19 of SEBI Listing Regulations and Section 178 of the Act read with relevant rules made thereunder, the Listed entity is required to constitute Nomination and Remuneration Committee ("the Committee") consisting of at least three (3) Non Executive Directors out of which at least 2/3<sup>rd</sup> shall be Independent Directors. The Chairperson of the nomination and remuneration committee shall be an independent director, provided that the chairperson of the listed entity, whether executive or non-executive, may be appointed as a member of the Nomination and Remuneration Committee and shall not chair such Committee.

The Board of Directors of the Kkalpana Industries (India) Limited (hereinafter referred to as 'KIIL' or 'the Company') has constituted the "Nomination and Remuneration Committee" (hereinafter referred to as 'Committee') consisting of three (3) Non-Executive Directors and all members of the Committee are Independent Directors.

**Chairman:** The Chairman of the Committee is also an Independent Director. Chairperson of the Company may be appointed as a member of the Committee, provided he is non-executive, but shall not be a Chairman of the Committee. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson. Chairman of the

Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

**Membership:** Minimum two (2) members shall constitute a quorum for the Committee meeting. The Annual Report shall consist of brief description of terms of reference, composition, name of members and chairperson; meeting and attendance during the year of the Committee and performance evaluation criteria for independent directors. Term of the Committee shall be continued unless terminated by the Board of Directors.

The Board has authority to reconstitute the Committee from time to time.

**Minutes of Committee Meeting:** Proceedings of all meetings must be recorded and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

### 3. **OBJECTIVE**

The Key Objectives of the Committee are:

- a) To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director and recommend policy relating to the remuneration of Directors, Key Managerial Personnel and Senior Management to the Board.
- b) To make recommendations to the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management Personnel;
- c) To ensure that 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;
- d) To evaluate the performance of the members of the Board and provide necessary reports to the Board for further evaluation and to ensure relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- e) To make recommendations to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management Personnel and to ensure that such remuneration 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 devise a policy on Board Diversity.

### 4. **DEFINITIONS**

- a. **Act** means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
- b. **Applicable Law** includes any statute, law, regulation, ordinance, rule, judgment, order, decree, bye-law, clearance, directive, guideline, notifications, circulars and clarifications or other governmental instruction and/or mandatory standards as may be applicable to the Company from time to time.
- c. **Company or KIIL** means Kkalpana Industries (India) Limited
- d. **Board or BOD** means Board of Directors of the Company.
- e. **Directors** mean directors appointed to the Board of a Company.
- f. **Employee** means any person who is in the permanent employment of the Company.
- g. **Key Managerial Personnel ("KMP")** means-

- i. Chief Executive Officer or the Managing Director or the Manager;
  - ii. Company Secretary;
  - iii. Whole-time director;
  - iv. Chief Financial Officer;
  - v. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
  - vi. such other officer as may be prescribed in the Act and SEBI Listing Regulations.
- h. **Service rules/HR Policy** means Service Rules/HR Policy as framed by the management which are applicable to all employees, as amended or modified from time to time by the management.
- i. **Senior Management (“SMP”)** shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.
- j. **SEBI Listing Regulations** means SEBI (Listing Obligation and Disclosure Requirement), Regulation, 2015 as amended from time to time.
- k. **“Nomination and Remuneration Committee” or “the Committee”** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Act and SEBI Listing Regulations, as may be amended from time to time, shall have the meaning respectively assigned to them therein.

## 5. **ROLE OF COMMITTEE**

The Committee shall:

- i. formulate the framework and/or policy for remuneration, terms of employment and any changes, including service contracts, remuneration, policy for and scope of pension arrangements, etc for BOD, KMP(s) and SMP(s) and reviewing it on a periodic basis;
- ii. formulate and review from time to time the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of directors, key managerial personnel and other employees.
- iii. identify persons who are qualified to become Directors and who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- iv. recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel and 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.
- v. formulate criteria for evaluation of performance of independent directors and the board of directors;
- vi. 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.
- vii. For every appointment of an Independent Director, the 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.

## 6. **POLICY FRAMEWORK:**

This Policy is divided in three parts:

Part – A covers the matters to be dealt with and recommended by the Committee to the Board;

Part – B covers the appointment and removal of Directors, KMP and Senior Management; and

Part – C covers remuneration for Directors, KMP and Senior Management

### **Part-A- Matters to be dealt with and recommended by the Committee to the Board;**

The following matters shall be dealt with by the Committee: -

(a) **Size and composition of the Board:** Periodically reviewing the size and composition of the Board to have an appropriate mix of executive and independent Directors to maintain its independence and separate its functions of governance and management and to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company;

(b) **Directors:** Formulate the criteria determining qualifications, positive attributes and independence of a Director and recommend candidates to the Board when circumstances warrant the appointment of a new Director, having regard to qualifications, integrity, expertise and experience for the position.

(c) **Succession plans:** Establishing and reviewing Board, KMP and Senior Management succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management.

(d) **Evaluation of performance:** Make recommendations to the Board on appropriate performance criteria for the Directors, formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company or engage with a third party facilitator in doing so and identify ongoing training and education programs for the Board to ensure that Non-Executive Directors are provided with adequate information regarding the business, the industry and their legal responsibilities and duties.

(e) **Board diversity:** The Committee is to assist the Board in ensuring the Board nomination process is in line with the diversity policy of the Board relating to gender, thought, experience, knowledge and perspectives. The Policy on diversity of the Board is enclosed and marked as **Annexure-1** and forms part of this policy.

(f) **Remuneration framework and policies:** The Committee is responsible for reviewing and making recommendations to the Board on:

a. Remuneration of executive Directors to be presented for shareholders' approval including severance, if any.

b. Individual and total remuneration of non-executive Directors and the chairperson (if non- executive), including any additional fees payable for membership of Board committees

c. the remuneration and remuneration policies for KMP and Senior Management including base pay, incentive payments, equity awards, retirement rights, severance pay, if any, and service contracts having regard to the need to:

- (i) attract and motivate talent to pursue the Company's long term growth;
- (ii) demonstrate a clear relationship between executive compensation and performance;
- (iii) be reasonable and fair, having regard to best governance practices and legal requirements and
- (iv) balance between fixed and incentive pay reflecting short and long-term performance objectives as appropriate for the Company and its goals

d. the Company's incentive compensation and equity-based plans including a consideration of performance thresholds and regulatory and market requirements

## **Part – B- Policy for appointment and removal of Directors, KMP and Senior Management**

### **1. Appointment criteria and qualifications:**

- 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 to the Board his / her appointment. While evaluating a person for appointment / re-appointment, the management shall consider various factors including individual's background, competency, skills, abilities (viz. leadership, ability to exercise sound judgment), educational and professional background, personal accomplishment, age, relevant experience and understanding of related field viz. marketing technology, finance or such other discipline relevant to present and prospective operations of the Company.
- b. 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.
- c. Any appointment or continuation of the employment of any person as Managing Director/Whole-time Director/Manager who has attained the age of seventy years will be subject to the approval of the shareholders by passing a special resolution or such other provisions of the Act and rules made thereunder read with SEBI Listing Regulations as amended from time to time.
- d. 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 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.
- e. The appointee while continuing in his / her office shall not engage in any business or commercial activity, which might detrimentally conflict with the interest of the Company.
- f. For appointment of every independent director, the 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 and the statutory regulations prescribed in this regard, if any.

For the purpose of identifying suitable candidates for appointment of an independent director, 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
- g. 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.

- h. The Company shall not appoint any resigning Independent Director 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.

2. **Term/Tenure:**

The term / tenure of the Directors shall be governed as per provisions of the Act and rules made thereunder and SEBI Listing Regulations, as amended from time to time.

a. **Managing Director/Whole-time Director/Executive Director:**

Appointment/re-appointment, if any, of Executive Director/ Whole Time Director/ Managing Director including remuneration and other terms and conditions thereof shall be in accordance with the provisions of Section 196 and 197 of the Companies Act, 2013 read with Schedule V thereto and applicable Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee will recommend the appointment or re-appointment, if any, to the Board or as Manager and same will be approved by the shareholders by passing necessary resolution(s) at the next general meeting or within a period of three months from the date of such appointment, whichever is earlier. The Company shall appoint or re-appoint any person as its Managing Director or Executive Director or Whole time 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. However, the appointment/ re-appointment of a person, including managing director or a whole-time director that was rejected earlier by shareholders at general meeting shall be done only with prior approval of the shareholders and the explanatory statement to resolution proposing the same shall contain a detailed justification by the Committee and the Board of Directors recommending such person for appointment/ re-appointment.

aa. With effect from April 1, 2024, the continuation of a director on the board of the company shall be subject to the approval by the shareholders in a general meeting at least once in every five years from the date of their appointment or reappointment, as the case may be:

Provided further that the requirement shall not apply to the following:

- Whole-Time Director, Managing Director, Manager, Independent Director or a Director retiring as per the sub-section (6) of section 152 of the Companies Act, 2013, if the approval of the shareholders for the reappointment or continuation of the aforesaid directors or Manager is otherwise provided for by the provisions of SEBI Listing Regulations or the Companies Act, 2013;
- director appointed pursuant to the order of a Court or a Tribunal or to a nominee director of the Government on the board of the company or to a nominee director of a financial sector regulator on the board of the company;
- director nominated by a financial institution registered with or regulated by the Reserve Bank of India under a lending arrangement in its normal course of business or nominated by a Debenture Trustee registered with the Board under a subscription agreement for the debentures issued by the company.

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.

No Independent Director shall hold office for more than two consecutive terms, 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/Managing Director of a listed company or such other number as may be prescribed under the Act and SEBI Listing Regulations. For the purpose of considering the limit, the count for the number of listed entities on which a person is a director/independent director shall be only those whose equity shares are listed on a Stock Exchange.

**c. Evaluation:**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (preferably yearly).

**d. Removal:**

Due to reasons for any disqualification mentioned in the Act, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations made thereunder and Services rules/HR policy of the Company as prevalent at that time, as applicable.

**e. Retirement:**

The Managing Director/ Executive Director/ Whole Time Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act, Articles of Association of the Company and the prevailing policy of the Company. The Board will have the discretion to retain the Managing Director/ Executive Director/ Whole Time Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company, subject to approvals as may be required in this regard.

**e. Vacancy:**

Any vacancy in the office of a director shall be filled by the company at the earliest and in any case not later than three months from the date of such vacancy provided, if the company becomes non compliant to Regulation 17(1) of SEBI Listing Regulations and Section 149 of the Act, due to expiration of term of office of any director the resulting vacancy shall be filled by the company not later than the date such office is vacated. However, this clause shall not apply if the company is compliant with requirement of composition of the board as prescribed by SEBI Listing Regulations and the Act.

Any vacancy in the office of the Chief Executive Officer, Managing Director, Whole Time Director or Manager, Compliance Officer or Chief Financial Officer shall be filled by the company at the earliest and in any case not later than three months from date of such vacancy, provided that the company shall not fill such vacancy by appointing a person in interim capacity unless such appointment is made in accordance with the laws applicable in case of fresh appointment to such office and the obligations under such laws are made applicable to such persons.

**Part – C- Policy relating to the remuneration for Directors, KMP and Senior Management**

**A. General:**

- a. The remuneration/compensation/commission etc. to Directors, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration/compensation/commission etc. shall be subject to the prior/post approval of the shareholders of the Company and/or such other approvals, as may be required by the Act or SEBI Listing Regulations.
- b. The remuneration to be paid to the Directors shall be in accordance with the provisions of the Act, rules made thereunder and SEBI Listing Regulations, as amended from time to time, or any other statutory provisions as may be applicable to the Company and subject to Articles of Association of the Company.
- c. Increments to the existing remuneration / compensation may be recommended by the Committee to the Board and should be within the slabs approved by the Shareholders in the case of Managing Director/ Whole-time Director.
- d. Where any insurance is taken by the Company on behalf of its Managing Director, Whole-time Director, Executive Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary, KMP, SMP and any other employees for indemnifying them against any liability, the premium paid 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 shall be treated as part of the remuneration.

**B. Remuneration to Non-Executive and Independent Directors:**

- a. **Remuneration:** The Committee may recommend the payment of remuneration in accordance with the statutory provisions of the Act and the rules made thereunder and SEBI Listing Regulations, as may be amended from the time being in force.
- b. **Sitting Fees:** The Non- Executive including the Independent Directors may receive remuneration by way of fees for attending meetings of Board and its Committee thereof. Provided that the amount of such fees shall not exceed one lakh rupees per meeting of the Board or committee or such other amount as may prescribed in the Act and/or SEBI Listing Regulations.
- c. **Limits on Commission:** Commission may be paid within the monetary limit approved by Shareholder, from time to time, subject to the limits computed as per the applicable provisions of the Act and SEBI Listing Regulations.
- d. **No profits or Inadequacy of profits:** In case of no profits or inadequacy of profits during a financial year, the remuneration payable to Non-Executive Directors including Independent Directors of the Company, shall be subject to the limits prescribed under the Act and the SEBI Listing Regulations.
- e. The sitting fee shall be payable immediately after the board / committee meeting to those directors who attend the meeting. Commission, if any, shall be payable at the end of the financial year after approval of the annual financial statements by the Board of Directors.
- f. The Non-Executive Directors shall be entitled to receive such amount as may be approved by the Board for any other services rendered in professional capacity.

**C. Remuneration to Managing Director/Executive Director/ /KMP/Senior management Personnel**

**a. Fixed pay:**

The remuneration to be paid to the Managing Director/Whole Time Director/Executive Directors shall be in accordance with the provisions of Companies Act, 2013 read with relevant Rules thereto and applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Component of the remuneration package may include Basic Pay, Allowance, Leave Travel Allowance, any other perks and benefits. Increments to the existing remuneration or revision may be recommended by the Committee to the Board and



shall be within slabs approved by the shareholders and/or in accordance with the Act and SEBI Listing Regulations

The KMP and Senior Management Personnel shall be eligible for a monthly remuneration and perquisites as may be approved by the Board on the recommendation of the Committee. The statutory and retiral benefits shall be paid as per the applicable laws.

**b. Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Directors in accordance with the provisions to Schedule V of the Act.

**D. Provisions for excess remuneration:**

If any Director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limits prescribed under the Act and/or SEBI Listing Regulations or without the approval required as per the Act and/or SEBI Listing Regulations, he / she shall refund such sums to the Company within two years or such lesser period as may be allowed by 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 approved by the company by special resolution within two years from the date the sum becomes refundable.

**E. Remuneration to other employees:**

The remuneration including revision in remuneration of other employees shall be as approved by the Chief Executive Officer in consultation with Head-Human Resources Department (by whatever designation) and within the overall framework and appraisal policy of the Company.

**7. Assistance from Outside Agency**

The Nomination and Remuneration Committee may take the assistance of external expert/agent/(ies) as and when required to ensure that recommendations are based on rationale as also parameter to judge the performance level through a process.

**8. Policy Review:**

- a) This Policy is framed based on the provisions of the Act and rules thereunder and the requirements of Listing Regulations with the Stock Exchanges and shall be monitored and periodically reviewed by the Committee/Board.
- b) In case of any subsequent changes in the provisions of the Act or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.
- c) The Company Secretary or persons as may be authorized by the Board of Director or Nomination and Remuneration Committee, in this regard, shall be authorized to amend the Policy in order to give effect to any changes/amendments notified by the Ministry of Corporate Affairs ('MCA') or Securities and Exchange Board of India ('SEBI') and place the amended policy before the Committee and the Board for ratification and approval.
- d) The amended policy, as placed, shall be reviewed by the Nomination and Remuneration Committee in light of changes to be incorporated therein due to change in regulations and may be recommended to the Board suitably. Any changes or modification to the policy as recommended by the Committee would be placed before the Board of Directors for their approval.

- e) The right to interpret this Policy vests in the Board of Directors of the Company.

### **Annexure 1**

#### **POLICY ON DIVERSITY OF THE BOARD**

- a) The Company acknowledges the importance of diversity in its broadest sense in the Boardroom as a driver of Board effectiveness. Diversity encompasses diversity of perspective, experience, education, background, ethnicity and personal attributes. The Company recognizes that gender diversity is a significant aspect of diversity and acknowledges the role that woman with the right skills and experience can play in contributing to diversity of perspective in the Boardroom.
- b) The Nomination and Remuneration Committee shall review and evaluate Board composition to ensure that the Board and its Committees have the appropriate mix of skills, experience, independence and knowledge to ensure their continued effectiveness. In doing so, it will take into account diversity, including diversity of gender, amongst other relevant factors. The Committee will ensure that no person is discriminated against on grounds of religion, race, gender, pregnancy, childbirth or related medical conditions, national origin or ancestry, marital status, age, sexual orientation or any other personal or physical attribute which does not speak to such person's ability to perform as a Board member.
- c) All appointments to the Board (as recommended by the Nomination & Remuneration Committee) shall be made on merit while taking into account suitability for the role, Board balance and composition, the required mix of skills, background and experience (including consideration of diversity and ethnicity).

Other relevant matters such as independence and the ability to fulfil required time commitments in the case of Independent and Non-Executive Directors will also be taken into account;

- d) The Nomination & Remuneration Committee shall monitor and periodically review the Board Diversity and recommend to the Board so as to improve one or more aspects of its diversity and measure progress accordingly;
- e) The Company will be able to ensure Board diversity if shareholders are able to judge for themselves whether the Board as constituted is adequately diverse. The Company shall continue to provide sufficient information to the shareholders about the qualifications, expertise and characteristics of each Board Member.