



Kiri Industries Limited

(CIN: L24231GJ1998PLC034094)

NOMINATION AND REMUNERATION POLICY

(In accordance with the Companies Act, 2013 and Securities and Exchange Board of India

(Listing Obligations and Disclosure Requirements) Regulations, 2015)

(As reviewed by Nomination and Remuneration Committee and approved by the Board at its meeting held on 11th August, 2014)

(Amended on 12th February, 2024)

1. Introduction

This Policy has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors ("**the Board**") of Kiri Industries Limited ("**KIL**" / "**the Company**") in accordance with the provisions of Section 178 of the Companies Act, 2013 ("**the Act**") and the Regulation 19 read with Part D of the Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**").

2. Objectives

- To recommend to the Board in relation to appointment and removal of Directors and Senior Management;
- To recommend the Remuneration payable to Directors, Key Managerial Personnel and Senior Managerial personnel;
- To formulate the criteria for evaluation of performance of the members of the Board, its committee and individual directors;
- Other necessary things which is required for review and recommendation to the Board of Directors from time to time in compliance with the provisions of Act and any amendment thereto from time to time.

3. Definitions

Independent Director means a director referred to in Section 149(6) of the Act and Listing regulations, as amended from time to time.

Key Managerial Personnel (the "KMP") shall mean "Key Managerial Personnel" as defined in Section 2(51) of the Act.

Nomination and Remuneration Committee ("the Committee"), by whatever name called, shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act and the Listing regulations, as amended from time to time.

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 the officers and personnel of the Company who are members of its core management team excluding the Board. This would include all members of 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.

Any terms used in this policy but not defined herein shall have the same meaning ascribed to it in the Act or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, Listing Regulations or any other relevant legislation / law applicable to the Company.

4. Composition of Committee

The composition of the Committee is / shall be in compliance with the provisions of Section 178 of the Act and the Regulation 19 of Listing Regulations, as amended from time to time.

5. Role of Committee

The role of the Committee inter alia will be as per the following:

- a. To identify the persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria and recommend to the board of directors their appointment and removal;
- b. To formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- c. To recommend to the Board a policy relating to, the remuneration of the directors, key managerial personnel and other employees and recommend to the board, all remuneration, in whatever form, payable to senior management;
- d. To formulate the criteria and carry out the effective evaluation of performance of Board, its committees and individual Directors including independent directors;
- e. To recommend to the Board 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;
- f. To develop a policy on Board diversity;
- g. To evaluate the balance of skills, knowledge and experience on the Board for every appointment of an independent director and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director;

6. Frequency of Meetings and Quorum

The Committee shall meet as and when required and as statutorily required under the provisions of Companies Act, 2013 and the Listing Regulations. However, it shall meet at least once in a year.

The quorum for a meeting of the Committee shall be in due compliance of the provisions, if any, of the Act and/or Listing Regulations.

7. Criteria for Determining qualifications, positive attributes and independence of Directors**a. Qualification for appointment of Directors**

1. A transparent board nomination process shall be in place that encourages diversity of thought, experience, knowledge, perspective, age and gender.

2. It shall also be ensured that the Board have an appropriate blend of functional and industry expertise.
3. While recommending appointment of a director, the Committee shall consider the overall ability and experience of director candidates which determines his/ her suitability.
4. The Committee shall also consider the personal qualities of each director candidate to be able to make a substantial active contribution to Board deliberations.

b. Positive attributes of Directors

1. In addition to the duties as prescribed under the Act, the Directors on the Board of the Company are also expected to demonstrate high standards of ethical behavior, strong interpersonal and communication skills and soundness of judgment.
2. Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.
3. To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees.
4. Actively update their knowledge and skills with the latest developments in the industry, market conditions and applicable legal provisions.
5. Independent Directors are also expected to abide by the 'Code for Independent Directors' as outlined in Schedule IV to the Act.

c. Independence Standards

1. A Director will be considered as an 'Independent Director' if he / she meets with the criteria as laid down in the Act and Listing Regulations.
2. Each director has an affirmative obligation to inform the Board of any change in circumstances that may put his or her independence at issue.

8. Criteria for Appointment of Directors, KMP and Senior Management

- The Committee shall consider the following factors for identifying the person who are qualified to becoming Director and who can be appointed in senior management:
1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director 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. An independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.
4. The Company may appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years subject to the approval of shareholders by passing a special resolution.
5. The Company should ensure that the person so appointed as Director/ Independent Director/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder, or any other enactment for the time being in force.
6. The Director/ Independent Director/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder, or under listing regulations or any other enactment for the time being in force.
7. Independent Director shall meet all criteria specified in Section 149(6) of the Companies Act, 2013 and rules made thereunder and/or as specified in Regulation 25 of the listing regulations.

➤ **Term:**

The Term of the Directors including Managing/Wholetime Director/ Independent Director shall be governed as per the provisions of the Act and Rules made thereunder and Listing Regulations, as amended from time to time.

Whereas the term of the KMP (other than the Managing / Wholetime Director) and Senior Management shall be governed by the prevailing HR policies of the Company.

➤ **Removal:**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations thereunder and / or for any disciplinary reasons and subject to such applicable Acts, Rules and Regulations and the Company's prevailing HR policies, the Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director, KMP or Senior Management.

➤ **Retirement:**

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

9. Policy relating to remuneration of Directors, KMP and Senior Management Personnel

- The total fixed salary should be fair and reasonable after taking into account knowledge and experience of individual, level of skill, the scope of duties, the role and nature of responsibilities, Company's performance and growth, market trend, etc.
- The Board, on the recommendation of the Committee, shall review and approve the remuneration payable to the Executive Directors of the Company within the overall limits approved by the shareholders and in compliance with the provisions of the Act and Listing regulations.
- The Chairman & Managing Director of the Company is authorised to decide the remuneration of KMP (other than Managing / Wholetime Director) and Senior Management, and which shall be decided by the Chairman & Managing Director based on the standard market practice and prevailing HR policies of the Company.
- The remuneration to the Non-Executive / Independent Director, shall be in accordance with the provisions of the Act and the Rules made thereunder and with the Listing Regulations for the time being in force or as may be decided by the Board. 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 Act.
- The level and composition of remuneration as determined by the Committee shall be reasonable and sufficient to attract, retain and motivate Directors, KMP and Senior Management Personnel of the quality required to run the company successfully.
- If Executive Directors draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without necessary approval as may be required under the Act, 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.
- The relationship of remuneration to performance should be clear and meets appropriate performance benchmarks.
- The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- Provisions of law with regards to the making payment of remuneration, as may be applicable, are complied.

10. Evaluation

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 Committee or by an independent external agency and review its implementation and compliance in accordance with the provisions of applicable law.

The criteria for evaluation of performance as determined by the Committee are as under:

- A) Criteria of Evaluation for Independent Directors:
 - 1. Effective participation at Board/ Committee meetings
 - 2. Input in strategy decisions
 - 3. Independence of behaviour and judgment
 - 4. Qualification, Experience and Knowledge
 - 5. Time devoted towards discussion with Management
 - 6. Compliances with policies of the Company, Code of Conduct & Ethics
- B) Criteria of Evaluation for Non-Independent Directors and Chairperson:
 - 1. Initiative and team work
 - 2. Effective participation at Board/ Committee meetings
 - 3. Achievement of Financial/ business targets
 - 4. Independence, Independent views and judgment
 - 5. Effective deployment of Knowledge and Expertise
 - 6. Compliances with policies of the company, Code of Conduct & Ethics
- C) Criteria of Evaluation for Board as whole:
 - 1. Board Structure: Right mix of characteristics, experience and skills, Effective deployment of characteristics and skills
 - 2. Standards of Conduct: Stakeholder value and responsibility, Commitment to best corporate governance practices and contribution in that respect
 - 3. Board Information: Timely distribution, quality and appropriate detail of financial and commercial information, Focus on high profile risk issues
 - 4. Performance measurement: Effective reporting on Company performance and strategy, Collective responsibility for the performance of the Company
- D) Criteria of Evaluation for Committees:
 - 1. Compliance in terms of constitution and with the terms of reference.
 - 2. Appropriate, effective and proactive measures taken for performance of its function, roles and responsibility
 - 3. Performance assessment against the set of goals.
 - 4. Adequate independence of the Committee from the Board.
 - 5. Contribution of the Committee to the decisions of the Board.

For annual performance evaluation of the Board as a whole, its Committee(s) and individual Directors including the Chairman of the Board, the Company shall formulate a questionnaire to assist in evaluation of the performance based on the above criteria. Such series of assertions/questions should be awarded a rating on a scale of 1 to 5 by all individual Directors/Board. Every Director has to fill the questionnaire related to the performance of the Board, its Committees and individual Directors except himself.

11. Policy on Board Diversity

- This Policy on Board Diversity has been formulated by the Nomination and Remuneration Committee in accordance with the provisions of the Regulation 19 read with Part D of the Schedule II of the Listing Regulations.

- **Purpose:**

The Policy sets out to assure that the Board is fully diversified and comprises of an ideal combination of Executive and Non-Executive Directors, including Independent Directors, with diverse backgrounds.

The Policy is largely framed to address the importance of a diverse Board in harnessing the unique and individual skills and experiences of various Members of the Board in such a way that it collectively benefits the business and the Company as a whole. The basic essence of the Policy is to provide a framework for leveraging on the diverse knowledge and expertise of the Board which can offer its valuable guidance to the Management consistently with the Company's business perspective.

- **Policy Statement:**

The Company believes that a diverse Board will amongst others –

- Enhance the quality of decision making and ensure better business performance.
- Encourage diversity of perspectives thereby fueling creativity and innovation.
- Complement and expand the skills, knowledge and experience of the Board as a whole.
- Provide for better Corporate Governance.

A diverse Board will include and make good use of the differences in the skills, knowledge, industry experience, background and other qualities of the individual members as a whole. All Board appointments will be done on merit, in the context of skills as required for the areas of our business operations, management and also expertise in the fields of regulatory, legal, business development, human capital management, strategic planning, marketing and general administration.

- **Role of the Committee:**

The Committee shall review the Board composition in terms of the structure and size of the Board, the composition of executive and non-executive directors and the composition of independent directors, each of which shall be in accordance with the requirements of the Articles of Association of the Company, the Companies Act, 2013, the Listing Regulations and other statutory / regulatory requirements.

The Committee shall ensure that it has a balanced Composition of skills, experience and expertise appropriate to the requirements of the businesses of the Company, with due regard to the benefits of diversity on the board.

The Committee will review and monitor from time to time the implementation of this Policy to ensure its effectiveness and will at an appropriate time set measurable objectives for achieving board diversity.

12. General

The Board on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit and do all such acts and things as may be necessary from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder.
