



KPL International Limited

Nomination and Remuneration Policy

Introduction

KPL International Limited (the Company”) maintains that Board appointments should be based on merit that complements and expands the skills, experience and expertise of the Board as a whole taking into account the knowledge, professional experience, qualifications, gender, age, cultural and educational background, and any other factors that the Board might consider relevant and applicable from time to time for it to function effectively. The Company aims to have an optimum combination of Executive, Non - Executive and Independent Directors. The Company also recognizes the importance of Independent Directors in achieving the effectiveness of the Board.

As its philosophy, the Company considers human resources as its invaluable assets and always endeavours to appoint/employ, retain and pay equitable remuneration to its Directors and employees with an aim to harmonize the aspirations of human resources consistent with the goals of the Company.

In pursuit of the above beliefs and in compliance with the provisions of Section 178 of the Companies Act, 2013, the Board of Directors (“Board”) of the Company adopted this Policy as Nomination and Remuneration Policy on 16th June, 2015, encompassing various factors relating to selection, appointment and determination of Directors’ independence and remuneration of Directors, Senior Management Personnel and other employees of the Company and related matters.

Definitions

“**Act**” means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

“**Applicable Law**” shall mean the Companies Act, 2013 and allied rules made there under, and includes any other statute, law, standards, regulations or other governmental instruction as may be applicable to the Company from time to time.

“**Board of Directors or “the Board**” means the collective body of the Directors of the Company.

“**Director**” means a Director appointed to the Board of the Company.

“**Committee**” means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.

“**Company**” means KPL International Limited.

“Independent Director” means a Director referred to in Section 149 (6) of the Companies Act, 2013.

“Key Managerial Personnel” or “KMP” means the Key Managerial Personnel of the Company appointed in terms of the Companies Act, 2013.

“Non- executive Director” means the Non- executive Director including Independent Director appointed by the Company.

“Policy” or “this Policy” means the Nomination and Remuneration Policy of the Company including any amendments made by the Board of the Company.

“Senior Management Personnel” or “SMP” for the purpose of this policy shall mean Key Managerial Personnel and the divisional heads of the Company.

A. CRITERIA FOR APPOINTMENT AND DETERMINING DIRECTOR'S INDEPENDENCE

This Policy sets out the following guiding principles for the Nomination and Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors in case of their appointment as Independent Directors of the Company:-

Qualification and Criteria for Appointment

In evaluating the suitability of a person and recommending to the Board his appointment as a Director of the Company, the Nomination and Remuneration Committee may take into account and ascertain factors such as:

- personal and professional ethics, integrity and values
- educational and professional background
- willingness to devote sufficient time and energy in carrying out the duties and responsibilities effectively

The proposed appointee should also fulfill the following requirements:

- shall possess Directors Identification Number (DIN).
- shall not be disqualified under the Companies Act, 2013 for appointment as a Director.
- shall give his written consent to act as a Director.
- shall endeavour to attend all Board Meetings and Committee Meetings of which he is appointed as a Member.
- shall abide by the Company' Code of Conduct for Directors and Senior Management Personnel
- shall disclose his interest or concern in any company, body corporate, firm or other association of individuals including his shareholding.
- such other requirements as may be prescribed, from time to time, under the applicable law.

The Nomination and Remuneration Committee will evaluate each individual Director to have a group that best serves the interest of the Company and adds to its development.

Criteria of Independence

The Nomination and Remuneration Committee shall assess the Independence of Independent Directors at the appointment/re-appointment and the Board shall assess the same annually. The Board shall re-assess the Independence when new disclosure about interest or concern is provided by such Director.

The criteria of independence will be as prescribed under Section 149 (6) read with Schedule IV of the Companies Act, 2013.

The Independent Director shall abide by the “Code of Independent Directors” as specified in Schedule IV to the Companies Act, 2013.

Other Directorship/Committee Membership

The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorship in other listed public limited companies in such a way that it does not interfere with their role as Director of the Company. The Nomination and Remuneration Committee should take into account the nature of and the time involved in a Director’s service on other Boards, in evaluating, the suitability of the individual Director and making its recommendations to the Board.

A Director shall not serve as a Director in more than 20 companies of which not more than 10 shall be public limited companies.

For reckoning the limit of public companies in which a person can be appointed as Director, directorship in private companies that are either holding or subsidiary company of a public company shall be included.

For ascertaining the aforesaid limit, the directorship in a dormant company shall not be included.

A Director shall not be a Director in more than seven listed entities.

A Director shall not serve as an Independent Director in more than seven listed companies and not more than three listed companies in case such person is serving as a Whole-time Director of a listed company.

A Director shall not be a member in more than 10 committees or act as a chairperson of more than 5 committees across all listed companies in which he holds directorships.

For the purpose of considering the limit of the committees, Audit Committee and Stakeholders Relationship Committee of all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013, shall be excluded.

The Company shall not appoint a Director in its wholetime employment who has attained the age of seventy years except with the approval of shareholders by passing a special resolution.

The Company shall not appoint or continue the directorship of any person as a Non-executive Director who has attained the age of seventy five years unless a special resolution is passed to that effect.

A. CRITERIA FOR APPOINTMENT OF SENIOR MANAGEMENT PERSONNEL

In evaluating the suitability of a person for appointment to the Senior Management position, the Company may take into account and ascertain factors such as:

- educational and professional qualifications
- job experience
- suitability for the job
- willingness to devote sufficient time and energy in carrying out the duties
- personal and professional ethics, integrity and values

B. GENERAL POLICY FOR REMUNERATION

This policy encompassing guiding principles in the matters with regard to remuneration of the Company's Directors and Senior Management Personnel and other employees, has been formulated, keeping in view the following objectives:-

- i ensuring that the remuneration and other terms of employment is as per the trends and practices prevailing in peer companies and the industry.
- ii providing reward commensurate with the efforts, dedication and achievement in performance of duty.
- iii attracting, retaining, motivating and promoting talent and ensuring long term sustainability of talented personnel and create competitive advantage.

1. Remuneration to Managing Director/Whole-time Director

- i. The appointment / remuneration / compensation / commission etc. to the Managing Director or Whole-time Director will be considered by the Committee and recommended to the Board for approval. The Board will consider and approve the remuneration including the breakup of the pay scale and quantum of perquisites/allowances/benefits, subject to the approval of the shareholders of the Company and other necessary approvals.
- ii. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director or Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013, as amended from time to time.

- iii. If the remuneration is not as per the limits of Schedule V of the Companies Act, 2013 then approval of the shareholders by way of special resolution shall be required.
- iv. Where any insurance is taken by the Company for its Non-executive/Independent Directors, Managing Director, Whole-time Director, SMPs 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 person. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
- v. If any Director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, under the Applicable Law, such remuneration shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive the recovery of any sum refundable to it.
- vi. A Director who is in receipt of any commission from the Company and who is a Managing or Whole-time director of the Company shall not be disqualified from receiving any remuneration or commission from any holding or subsidiary company of the Company, subject to its disclosure by the Company in the Board's Report.

2. Remuneration to Non- Executive / Independent Director

i. Sitting Fee

The Non- Executive / Independent Director may receive remuneration by way of fees for attending Meetings of Board or Committee thereof as may be fixed by the Board of Directors, within the limits as may be prescribed, from time to time, under the applicable law.

ii. Reimbursement of Expenses

Such Directors shall be reimbursed for expenses incurred for participation in meetings of the shareholders, the Board of Directors or Committee thereof or for any other purpose in connection with the business of the Company as may be decided by the Board of Directors, as permissible under the applicable law.

3. Remuneration to Senior Management Personnel

- i. The appointment/remuneration of the Senior Management Personnel will be recommended by the Committee to the Board.
- ii. Any remuneration payable to the SMP of the Company will be guided by the following norms-
 - a) The base salary shall be competitive and based on the individual person's key responsibilities and performance;

- b) Base salaries would be based on a function-related salary system and be in line with the market developments shown by the benchmark research and additional market studies;
- c) They may receive variable pay in addition to fixed salaries;
- d) The performance-based pay to the SMP, including revisions, if any, would be decided by the Managing Director of the Company, as and when necessary, subject to applicable law, if any. This would be based on the individual's performance, related to the fulfilment of various improvement targets or the attainment of certain objectives.

4. Remuneration to other employees

The other employees shall be assigned grades according to their qualifications and work, experience, competence as well as their roles and responsibilities in the organisation. Individual remuneration shall be determined within the appropriate grade and will be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

C. GENERAL

Performance Evaluation

The performance evaluation of the Directors, Board of Directors and Board Committees will be carried out by the Board or the Nomination and Remuneration Committee or the Independent Directors, as required under the applicable law.

Succession Planning

It is an important part of the Board's work to ensure that there is adequate management development and succession planning particularly at the top levels. Succession Planning involves assessment of the challenges and opportunities facing the Company, and an evaluation of the skills and expertise that will be needed in the future. The Nomination and Remuneration Committee shall satisfy itself that processes and plans are in place for orderly succession for appointments to the Board and to senior management to maintain an appropriate balance of skills available to the Company. The Committee shall ensure the selection of qualified and capable personnel to the position of Director or senior management, who are appropriate for the Company's vision, values, goals and objectives.

All the appointments of Director and Senior Management shall be in accordance with the applicable provisions of the Companies Act, the Listing Regulations and other laws as applicable to the Company.

Removal and Retirement

Due to reasons for any disqualification mentioned in the Companies Act, 2013, 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 any Director,

subject to compliance of the said Act, rules and regulations.

The Committee may also recommend to the Board for removal of any Senior Management Person with reasons recorded in writing.

The Directors shall retire as per the provisions of the applicable law and the prevailing policy of the Company. The Board shall have the discretion to re-appoint a Director, subject to compliance of the applicable law.

The Senior Management Personnel and other employees will retire as per the rules and policy of the Company. The Company shall have discretion to retain a Senior Management Person or other employee in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

Loans/advances to Senior Management Personnel and Other Employees

The Company may grant loans and advances to Senior Management Personnel and other Employees, as per the customary practices being followed by the Company.

Disclosures

The Company shall make necessary disclosures of the salient features of the Policy along with the web link of the Policy in its Annual Report as may be required under the applicable law.

The Company shall also place the Policy on its website.

Amendments

This Policy may be reviewed and amended by the Committee/Board, from time to time, to ensure compliance with any modification(s) or amendment(s) in the applicable law.

Interpretation

In any circumstance where the terms of this Policy differ from any existing or newly enacted law, or Regulation governing the Company, such law, or Regulation will take precedence over this Policy until such time as this Policy is changed to conform to such law or Regulation.

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By Order of Board of Directors

S/d
Surinder Kumar Kak
Managing Director
DIN: 00044521
Date : 11.02.2020