

## **APPOINTMENT AND REMUNERATION POLICY OF DIRECTORS, KEY & SENIOR MANAGERIAL PERSONNEL**

### **Preamble:**

This policy on Director's appointment and remuneration (this "Policy") has been formulated and shall be read in line with the requirements of the Companies Act and the Listing Regulations and such other rules, regulations, circulars and notifications as may be applicable.

In terms of provisions of Section 178 of the Companies Act, 2013, read with the rules made there under, each as amended (the "Companies Act"), and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations"), the Nomination and Remuneration Committee (the "Committee") of the Board of Directors (the "Board") of Kamarhatty Company Limited (the "Company") has been entrusted with the following powers:

- i) To identify persons who are qualified to become directors and who may be appointed to senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal;
- ii) To carry out the evaluation of every director's performance and to specify the manner for effective evaluation of performance of Board;
- iii) To formulate the criteria for determining qualification, positive attributes and independence of directors;
- iv) To recommend remuneration of executive directors and any increase therein from time to time, within the limit approved by the members of the Company;
- v) To recommend remuneration to non- executive directors in the form of sitting fees for attending meetings of Board and its Committees, remuneration for other services, commission on profits;
- vi) To recommend to the Board a policy, relating to the remuneration for the directors, Key Managerial Personnel and other Senior Managerial Personnel;
- vii) To engage the services of any consulting/ professional or other agency for the purpose of recommending to the Committee on compensation structure/policy; and
- viii) To exercise such other powers as may be delegated to it by the Board from time to time.

### **Scope of the Policy**

The policy shall be applicable to the following in the Company:

- e) Directors
- f) KMPs
- g) Senior Managerial Personnel

“Key Managerial Personnel (KMP)” means Key Managerial Personnel as defined under sub-section (51) of Section 2 of the Companies Act, 2013 as under:

- (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;
- (v) such other officer, not more than one level below the Directors who are in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) Such other officer as may be prescribed.

“Senior Management Personnel (SMP)/Senior Officials” means personnel of the Company who are members of its core management team excluding Board of Directors, comprising all members of management one level below the Executive Directors/Functional Heads.

Words and expressions not defined in this policy shall have the same meaning as contained in the Act and the Listing Regulations.

**Appointment criteria and qualifications for appointment of Director and Key Managerial Personnel:**

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMPs and SMPs and recommend to the Board his / her appointment.

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.

**Term / Tenure:**

The Company shall not appoint any person as Managing Director / Whole-Time Director who has attained the age of 70 years.

Provided that the term of the person holding this position may be extended beyond the age of 70 years with the approval of shareholders by passing a special resolution based on the justification for extension of appointment beyond 70 years.

**Managing Director/Whole-time Director**

The Company shall appoint or re-appoint any person as its executive Chairperson, Managing Director or Executive Director for a term not exceeding such term as may be specified under the Companies Act. No re-appointment shall be made earlier than one year before the expiry of term, and which shall be done with the approval of the shareholders of the Company.

**Independent Director:**

An independent director shall hold office for a term in accordance with the Companies Act, particularly Section 149 of the Companies Act, and will be eligible for reappointment 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.

### **Remuneration Structure**

The remuneration structure would normally depend upon the roles and responsibilities as well as the prevailing market practices. In normal circumstances, the remuneration of an individual shall be divided between fixed and variable components as required under the provisions of the Companies Act, 2013 and as envisaged in SEBI Listing Regulations

- i) Base Compensation (fixed salaries): This component of salary is competitive and reflective of the individual's role, responsibility and experience in relation to performance of day - to-day activities, usually reviewed on an annual basis. The base Compensation includes salary, allowances and other statutory/non statutory benefits which are normal part of remuneration package in line with market practices.
- ii) Variable salary: A relevant part of remuneration is payable as variable salary linked to corporate and individual performance, fulfilment of specified improvement targets or the attainment of certain financial or other objectives set in this regard.
- iii) Any other component/benefits as may be recommended by the management and approved by the NRC.
- iv) Stock Options in accordance applicable laws.

### **Remuneration to Whole-time/ Managing Director, KMP and SMP:**

i) Fixed pay – The MD and/or Whole-time Director, KMP and SMP shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee and the shareholders, wherever applicable. The breakup of the pay scale and quantum of perquisites including, employer's contribution towards provident fund, pension scheme, medical expenses, club fees and other perquisites shall be decided and approved by the Board on the recommendation of the Committee.

ii) Minimum Remuneration – If in any financial year, the Company has no profits or its profits are inadequate, it shall pay remuneration to its MD and/or Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if the Company is not able to comply with such provisions, previous approval of the Central Government shall be required to be obtained.

### **Remuneration to Non-Executive / Independent Director:**

- i) Remuneration – The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and with the provisions of Companies Act, 2013 along with the rules made there under.
- ii) Sitting Fees – The non- executive/ independent Director may receive remuneration by way of fees for attending meetings of Board or committees of the Board to which they are appointed from time to time thereof. Provided that the amount of such fees shall not exceed the limits prescribed under Companies Act, 2013.

Due to reasons for any disqualification mentioned in the Companies Act, 2013 and rules made there under or under any other applicable law, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP, SMP or other person in senior

management position, subject to the provisions and compliance of the Companies Act, 2013 and other applicable law.

### **Scope and limitation**

In the event of any conflict between the provisions of this Policy and the Companies Act, 2013, rules made there under, the SEBI Listing Regulations or any other statutory enactments or rules as maybe applicable, the provisions of Companies Act, 2013, rules made there under, the SEBI Listing Regulations or any other statutory enactments or rules shall prevail over this Policy and the part(s) so repugnant shall be deemed to be severed from the Policy and the rest of the Policy shall remain in force.

### **Disclosure of this Policy by the Company**

This Policy shall be placed on the website of the Company and the salient features of the Policy and changes therein, if any, along with the web address of the Policy shall be disclosed in the Board's Report.

### **Review**

The policy shall be reviewed by the Nomination & Remuneration Committee at appropriate intervals and based on its recommendations; the Board may revise the same from time to time.

The Committee as and when required shall assess the adequacy of this policy and make any necessary or desirable amendments to ensure it remains consistent with the Board's objectives, current law and best practice.