



Kkalpana Industries (India) Limited

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The Board of Directors of Kkalpana Industries (India) Limited ("the Company") reconstituted the "Nomination and Remuneration Committee" at the Meeting held on November 14, 2014, consisting of three (3) Non-Executive Directors of which majority are Independent Directors and (1) Executive Director.

1. OBJECTIVE

The Nomination and Remuneration Committee and this Policy is in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement. The Key Objectives of the Committee is:

- 1.1 To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- 1.2 To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 1.3 To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- 1.4 To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage
- 1.5 To devise a policy on Board Diversity.

2. DEFINITIONS

- 2.1 Act means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
- 2.2 Board means Board of Directors of the Company.
- 2.3 Directors mean Directors of the Company.
- 2.4 Key Managerial Personnel means
 - 2.4.1. Chief Executive Officer or the Managing Director or the Manager;
 - 2.4.2. Whole-time director;
 - 2.4.3. Chief Financial Officer;
- 2.5 **Senior Management** means Personnel of the Company who are members of its core management team excluding the Board of Directors at the position of President, VP, GM, DGM.

3. ROLE OF COMMITTEE Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee

3.1 The Committee shall:

- 3.1.1. Formulate 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's, KMP's and SMP's and reviewing it on a periodic basis;
- 3.1.2. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the Executives.
- 3.1.3. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- 3.1.4. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel and carry out evaluation of every director's performance

3.2. Policy for appointment and removal of Director. KMP and Senior Management

3.2.1. 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.
- 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.

3.2.2. Term/Tenure

- a) **Managing Director/Whole-time Director:**
The Company shall appoint or re-appoint any person as its Executive Chairman, 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.
- 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. *However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he/she shall be eligible for appointment for one more term of 5 years only.*

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.

3.2.3. Evaluation

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

3.2.4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, 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.

3.2.5. 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. The Board will 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.

3.3. Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel

3.3.1. General:

- a. The remuneration to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b. The remuneration to be paid to the Whole-time Director shall be in accordance with the Articles of Association of the Company and as per the provisions of the Act.
- c. Increments to the existing remuneration may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.

Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary 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.

3.3.2. Remuneration to Managing Director/Executive Director/ KMP and Senior Management Personnel:

a. Fixed pay:

The Managing Director/Executive Directors/ 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.

The remuneration to be paid to the Managing Director/Executive Directors shall be paid on recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

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 Managing Director/ Executive Director in accordance with the provisions of part-II of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government

c. Provisions for excess remuneration:

If any managing Director/Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to 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 permitted by the Central Government.

3.3.3. Remuneration to Non- Executive / Independent Director:

Sitting fees

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 Rs. One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time

Commission:

No Commission shall be paid.

Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

4. MEMBERSHIP

- 4.1 The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- 4.2 Minimum two (2) members shall constitute a quorum for the Committee meeting.
- 4.3 Membership of the Committee shall be disclosed in the Annual Report
- 4.4 Term of the Committee shall be continued unless terminated by the Board of Directors.

5. CHAIRPERSON

- 5.1 Chairperson of the Committee shall be an Independent Director.
- 5.2 Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- 5.3 In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- 5.4 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

6. 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.

7. Supplementary provisions

This Policy shall formally be implemented from the date on which they are adopted pursuant to a resolution of the Board of Directors

Any matters not provided for in this Policy shall be handled in accordance with relevant State laws and regulations and the Company's Articles of Association. If this Policy conflict with, any laws or regulations subsequently promulgated by the state or with the Company's Articles of Association as amended pursuant to lawful procedure, the relevant state laws and regulations and the Company's Articles of Association shall prevail, and this Policy shall be amended in a timely manner and submitted to the Board of Directors for review and adoption.

8. The right to interpret this Policy vests in the Board of Directors of the Company

