



**KEI INDUSTRIES LIMITED**

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**1. INTRODUCTION:**

In the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel and other employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of Section 178 of the Companies Act, 2013 read with applicable rules made thereunder 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 ("SEBI Listing Regulations"), this policy for nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company.

**2. DEFINITIONS:**

- i) **'Act'** means the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force).
- ii) **'Company'** means "**KEI Industries Limited**".
- iii) **'Board of Directors' or 'Board'** in relation to the Company, means the collective body of the directors of the Company.
- iv) **'Committee'** means the Nomination and Remuneration Committee constituted by the Board of Directors of the Company in accordance with the provisions of Section 178 of the Companies Act, 2013 and rules made thereunder and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- v) **'Policy'** means "Nomination and Remuneration Policy".
- vi) **'Key Managerial Personnel'** in relation to a company, means
  - (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 is in whole-time employment, designated as key managerial personnel by the Board;

(vi) such other officer as may be prescribed;

**‘Senior Management’** mean officers/personnel of the Company who are members of its core management team excluding board of directors and shall comprise of all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.

### **3. INTERPRETATION**

Words and expressions used in this policy and not defined herein shall have the same meaning assigned to them in the Companies Act, 2013, Listing Regulations and/or any other SEBI Regulation(s) as amended from time to time.

### **4. OBJECTIVE:**

The objective of this policy is to ensure that:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate human resource including Directors of the quality to run the company successfully;
- relationship of remuneration to performance is transparent and meets appropriate performance benchmarks;
- remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed/ incentive pay reflecting short term and long term performance objectives appropriate to the working of the company and its goals; and
- ensure a transparent Board Nomination Process with the diversity of thought, experience, knowledge, prospective and gender in the Board.

### **5. ROLE OF THE COMMITTEE:**

- a) To formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the Directors, key managerial personnel, Senior Management and other employees of the Company.
- b) 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:

- 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
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- c) To formulate criteria for evaluation of Independent Directors and the Board.
  - d) To carry out evaluation of every Directors' performance.
  - e) To devise a policy on Board diversity.
  - f) To Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
  - g) To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
  - h) recommend to the board, all remuneration, in whatever form, payable to senior management.
  - i) To formulate suitable Employee Stock Option Scheme in terms of SEBI Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (as amended from time to time) for the benefit of employees and Directors of the Company.
  - j) To adopt rules and regulations for implementing the Scheme from time to time.
  - k) To frame suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time, including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time) and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 (as amended from time to time), by the Company and its employees, as applicable.
  - l) To consider such other matters as the Board may specify and other areas that may be brought under the purview / role of Committee as specified in Listing Regulations and the Companies Act, 2013 as and when amended.
  - m) To perform such other functions as may be necessary or appropriate for the performance of its duties.

## **6. APPLICABILITY**

- a) Directors (including Executive, Non-Executive and Independent Directors);
- b) Key Managerial Personnel;
- c) Senior Management and Other Employees of the Company.

## **7. APPOINTMENT AND REMOVAL OF DIRECTOR(S), KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT AND OTHER EMPLOYEES**

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Managing Director/ Whole-time Director/ Manager/ Non-Executive/ Executive Director/ Independent Director/ KMP/ Senior Management and shall recommend to the Board his /her appointment.

- The Committee has discretion to decide whether qualification, expertise and experience possessed by a person who is considered to be appointed is sufficient /satisfactory for the concerned position.
- To ensure that the approval of shareholders for appointment of a person on the Board of Directors or as a manager is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier.
- The appointment or a re-appointment of a person, including as a managing director or a whole-time director or a manager, who was earlier rejected by the shareholders at a general meeting, shall be done only with the prior approval of the shareholders.
- The Company shall appoint / continue the appointment of a person as Managing Director / whole time Director and non-executive Director who has not attained the maximum age of retirement as prescribed under relevant laws without obtaining requisite approvals.
- To ensure that no independent director, who resigns from the Company, shall be appointed as an executive / whole time director on the board of the listed entity, 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.
- The integrity, qualification, expertise and experience of other employees shall be determined by HR Department in accordance with HR Policy of the Company.

**i) TERM / TENURE**

**a) Managing Director/ Whole-time Director/ Manager:**

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Whole-time Director or Manager 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) Executive/ Non-Executive / Independent Director and KMP:**

Executive/ Non-executive/ Independent director and KMP shall be appointed or re-appointed in the Company in accordance with the provisions of Companies Act, 2013 and SEBI Listing Regulations.

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 special

resolution by the Company in its General Meeting and disclosure of such appointment in the Board's report.

An Independent Director shall be appointed / re-appointed in the manner as specified under relevant laws

At the time of appointment of Independent Director, it will 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.

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 after obtaining consent of the Board.

**ii) RETIREMENT/ REMOVAL**

The Director(s)/ KMP shall retire/remove as per the applicable provisions of the Companies Act, 2013 and the prevailing HR policy of the Company by the Board after obtaining recommendation from the Committee after recorded reason in writing. The Senior Management and other employees of the Company shall appoint/retire/remove as per prevailing HR Policy of the Company.

The Board will have the discretion to retain the Director(s), KMP, Senior Management and employees of the Company in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company, subject to approvals as required under the relevant laws.

**8. REMUNERATION OF DIRECTORS, KMP, SENIOR MANAGEMENT AND OTHER EMPLOYEES:**

**i) Remuneration to Directors, KMP and other Employees:**

**1. Fixed pay:**

Directors and KMP shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, Commission, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

2. Minimum Remuneration:

If, in any Financial Year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of Central Government.

3. Provisions for excess remuneration:

If any Managerial Person draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 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.

Apart from the Directors, the remuneration and annual increments of Key Managerial Personnel and Senior Management shall be determined by the Human Resource Department of the Company in consultation with the Managing Director and Whole time Director and the same shall be reported to Nomination and Remuneration Committee.

Apart from the Directors, Key Managerial Personnel and Senior Management, the remuneration for rest of the employees will be determined on the basis of role and position of an individual employee, including professional experience, performance, responsibility, job complexity and local market conditions. The annual increments to the remuneration paid to the employees shall be determined based on the annual appraisal carried out by the Human Resource Department and HODs of various departments.

Pursuant to the provisions of Companies Act 2013 and Listing Regulations, all the Executive Director(s), Managerial Personnel (except promoters), KMP, Senior Management, and employees of the Company shall be entitled to any Employee Stock Options under ESOS/ ESPS of the Company, in accordance with the provisions of Companies Act 2013, Listing Regulations and other Act, Rule(s), Circular(s), Regulations as prescribed by the SEBI from time to time.

**II) Remuneration to Non-Executive / Independent Directors:**

a. 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 the maximum amount as provided in the Article of Association of the

Company and Companies Act, 2013 for each meeting of the Board/ Committee or such amount as may be prescribed by the Central Government from time to time.

b. Limit of Remuneration/ Profit Linked Commission:

Remuneration /profit linked Commission may be paid within the monetary limit as approved by the shareholders.

c. Stock Options:

Non-Executive Director(s) shall be entitled to any Employee Stock Options under ESOS/ ESOS of the Company, in accordance with the provisions of Companies Act 2013, Listing Regulations and other Act, Rule(s), Circular(s), Regulations as prescribed by the SEBI from time to time.

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

d. Other: Where any insurance is taken by the Company on behalf of its Directors, KMP and Senior Management 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.

**III) REMUNERATION TO DIRECTORS IN OTHER CAPACITY:**

The remuneration payable to Directors including Managing/ Whole-time Director/ Manager shall be inclusive of the remuneration payable for the services rendered by them in any other capacity except following:

- a) The services rendered are of a professional nature; and
- b) In the opinion of the Committee, the Director possesses the requisite qualification for the practice of the profession.

**9. EVALUATION OF DIRECTORS:**

The Committee shall carry out evaluation of performance of every Director on the Board of the Company individually and the Board as a whole and various Committees of the Board in the Company on annual basis as required under Section 178 of the Companies Act, 2013.

The performance evaluation of Independent Directors(s) shall be done by the entire Board of Directors (excluding the director being evaluated) which will include performance of the directors and fulfillment of the independence criteria as specified in these regulations and their independence from the management

The Board/ Committee may take advice of an independent professional consultant for developing the methodology to be used for evaluation on the basis of best standards and methods meeting international parameters.



**10. MINUTES OF COMMITTEE MEETING:**

Proceedings of all meetings shall be minuted and signed by the Chairperson of the said meeting or the Chairperson of the next succeeding meeting. Minutes of the Committee meeting will be circulated at the subsequent Board and Committee meeting for noting.

**11. AMENDMENT TO THE POLICY:**

This policy shall be reviewed by the Nomination and Remuneration Committee, periodically. Any changes or modification to the policy as recommended by the Committee would be placed before the Board of Directors for their approval.

In case there are any modification(s) / amendment(s) / notification(s) / circulars(s), guidance note(s), informal guidance(s) issued by SEBI / MCA or judgements made by the Tribunal or any Court which has the effect of amendment in the Regulation(s) / Section(s) / Rule(s) made thereunder, the Chief Financial Officer and/or Company Secretary and/or Managing Director is/are authorized to make amendments in the Policy / Code as to the extent applicable. The amended Policy / Code shall be taken note by the Board of Directors / Committee in their ensuing Meeting(s).

Further, all the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 governing the said clause shall apply.

**12. DISCLOSURE:**

The details of this Policy and the evaluation criteria as applicable shall be put up on the website of the Company and reference drawn thereto in the Annual Report.

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