



## KDDL LIMITED

### REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGERIAL PERSONNEL

#### Objective

The objective of this Remuneration Policy is to provide guidelines for fixation of the remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP) of the Company to attract and retain the best talent for the growth and development of Company.

#### Criteria for determining Remuneration:

(in accordance with provisions of section 178(3) of the Companies Act, 2013).

#### 1. Remuneration of Executive Directors (including Chairman, Vice Chairman, Managing Director, Whole Time Director)

- a. The remuneration to Executive Directors (including Chairman, Vice Chairman, Managing Director, Whole Time Director) shall be mutually agreed between the Company and the respective Director, within the overall limits prescribed under the Companies Act, 2013 and rules made thereunder. The remuneration shall consist of fixed and variable (incentive) elements of pay. The variable elements shall be linked to performance parameters and quantitative and qualitative assessment. It is provided that the variable shall generally not to be below 20% of the total remuneration; exceptions, if any shall need specific approval of the Nomination & Remuneration Committee (NRC)
- b. The remuneration shall be subject to the approval of Members of the Company in General Meeting, if required.
- c. In determining the remuneration of Chairman, Vice Chairman, Managing Director (including the fixed increment and performance bonus) the NRC shall consider the following:
  - That the relationship of remuneration and performance benchmarks is clear;
  - There is a fair balance between fixed and variable (incentive) pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
  - The responsibility required to be shouldered by the above said Directors
  - Industry benchmarks and the current trends;
  - The Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs / KPIs.
- d. Executive Directors are not entitled to sitting fees for attending meeting of directors.

#### 2. Remuneration of Non-Executive Directors

- a. The remuneration of Non-Executive Directors shall be determined considering the following:
  - They will be entitled to receive remuneration by way of sitting fees for attending meetings of the Board or its Committees at rates within the limits prescribed under the Companies Act, 2013 and rules made thereunder.
  - Non- Executive Directors will not participate in Board discussions which relate to their own remuneration.

- They will receive reimbursement of reasonable expenses incurred in attending the Board, Committee and other meetings.
- Remuneration is paid subject to deduction of Income Tax at source and payment of applicable Service Tax, and subject to any rules that might be framed.

**3. Remuneration of Key Management Personnel (KMP) /Senior Management Personnel (SMP):**

- a. Key Managerial Personnel for the purpose of this policy shall be the Chief Financial Officer (CFO) and Company Secretary (CS) and any other officer of the company, appointed pursuant to the provisions of section 203 (1) of the Companies Act,2013.
  - b. Senior Management Personnel for the purpose of this policy shall be the heads of business segments (Business Heads) and any other personnel specifically decided by the NRC, on the recommendation of the Managing Director.
  - c. The remuneration shall consist of fixed and variable (incentive) elements of pay. The variable elements shall be linked to performance parameters and quantitative and qualitative assessment. It is provided that the variable shall generally not to be below 15% of the total remuneration; exceptions, if any shall need specific approval of the Nomination & Remuneration Committee (NRC)
  - d. In determining the remuneration (including the increments from time to time) of the KMP and SMP, the Managing Director shall consider the following:
    - The role, changes in job scope, responsibility and complexity and the need to maintain market competitiveness.
    - The relationship of remuneration and performance benchmark;
    - Balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
    - Criticality of the role and responsibilities
    - The Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs / KPIs,
    - Industry benchmarks and current compensation trends in the market.
4. **Assessment of Performance:** The Managing Director will review and assess the performance of all Executive Directors (except himself), KMP's and SMP's and finalise the remuneration and increments thereto as per above policy guidelines and share the outcome for information of Nomination and Remuneration Committee. . NRC approval will be required only in case of significant variations from the policy guidelines.

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## Policy for Selection of Directors, Key Managerial Personnel and Senior Managerial Personnel

### 1. Selection of Directors

- a. When considering appointments to the Board and its Committees, the Nomination and Remuneration Committee (NRC) will draw up a specification for the role taking into consideration the balance of skills, knowledge and experience of its existing members, the diversity of the Board and the Company's ongoing requirements.
- b. Further, the NRC shall consider the following attributes/ criteria, whilst recommending to the Board any person for appointment as Director:
  - Expertise and experience in respective fields;
  - Professional record and achievements; qualification; understanding of key business concepts;
  - Personal background and integrity, professional / business standing;
  - Diversity of the Board;
  - Alignment with the values of the Company;
  - Communication skills;
  - Availability of sufficient time to devote to the required role.
- c. The NRC shall ensure that the candidate identified for appointment is a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- d. In case of appointment of Independent Directors, the NRC shall satisfy itself with regard to the independent nature of the Directors vis-s-vis the Company. For every appointment of an independent director, the Nomination and Remuneration 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.
- e. In case of re-appointment of directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

### 2. Tenure of the Directors

The tenure of the directors will be governed by the broad criteria as given below:

- a. The maximum age of directors is fixed at 70 years and
- b. The maximum tenure of the directors under the group not to exceed 15 years

Exceptions of criteria (a) and (b)

- Promoter Directors
- Whole Time Directors
- Chairman of the audit committee
- Nominee Directors

- Any other Director due to strategic reasons as recommended by the Chairman of the Board.

The above criteria and tenure guidelines will be subject to requirements under the various provisions of the law.

### **3. Selection of Key Managerial Personnel and Senior Managerial Personnel**

- a. Key Managerial Personnel for the purpose of this policy shall be the Chief Financial Officer (CFO) and Company Secretary (CS) and any other officer of the company, appointed pursuant to the provisions of section 203 (1) of the Companies Act, 2013.
- b. Senior Management Personnel for the purpose of this policy shall be the heads of business segments (Business Heads) and any other personnel specifically decided by the NRC, on the recommendation of the Managing Director.
- c. When recommending and finalizing a candidate for above appointment, the Nomination and Remuneration Committee would look into following attributes:
  - Assessing the appointee against a range of criteria which includes but not be limited to qualifications, skills, regional and industry experience, background and other qualities;
  - The skills and experience in relevant discipline;
  - The nature of existing positions held by the appointee;
  - Professional achievements and educational qualification.
  - Communication and networking skills as per job requirement;
  - High ethical standards; personal integrity;
  - Commitment to the promotion of equal opportunities, health and safety in the workplace;
  - Positive attitude; Commitment to team-working; Interpersonal skills; nurturing and leadership.

## **BOARD DIVERSITY**

### **1. Preamble:**

In accordance with the Regulation 19(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Part D of Schedule II, KDDL Limited has framed a formal policy on Board diversity.

### **2. Purpose and Scope:**

The policy sets out a framework to promote diversity on Company's Board of Directors (the 'Board'). This policy applies to the Board of the Company. It does not apply to the Employees of the Company.

### **3. Policy:**

The Company recognizes and embraces the importance of a Diverse Board in its success. The Company believes that diversity at the Board level as an essential element in supporting the attainment of its strategic objectives. A diverse Board enhances the quality of the decisions made by the Board by utilizing the different skills, qualification, professional experience, , knowledge etc. of the members of the Board, necessary for achieving sustainable and balanced growth of the Company.

A diverse Board is expected to contribute to the achievement of its strategic and commercial objectives, including:

- (i) Enhance the quality of decisions making and ensure better business performance.
- (ii) Encourage diversity of perspectives thereby fuel creativity and innovation.
- (iii) devise proper mechanism to ensure strict compliance of corporate governance.
- (iv) Complement and expand the skills, knowledge and experience of the Board as a whole.

In order to ensure that the Company's board has appropriate balance of skills, experience and diversity of perspectives that are imperative for the execution of its business strategy, Board appointments should be based on merits that complements and expands the skills, experience and expertise of the Board as a whole taking into account knowledge, professional experience, and qualifications, gender, age, cultural and educational background, and other factors that board might consider relevant and applicable from time to time for it to function effectively.

### **4. Role of Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee ('NRC') of the Company shall review and assess Board composition and shall recommend to the Board, the appointment of new directors based on their qualification, positive attributes and independence.

In reviewing Board composition, NRC will consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to enable it to discharge its duties and responsibilities effectively.

### **5. Review of this Policy:**

NRC will review this Policy, when considered necessary, to ensure its effectiveness and shall recommend appropriate amendments to the Board in line with applicable provisions of law.