

## **NOMINATION, REMUNERATION AND EVALUATION POLICY**

This Nomination, Remuneration and Evaluation Policy (the "Policy") applies to the Board of Directors (the "Board"), Key Managerial Personnel (the "KMP") and the Senior Management Personnel of India B.L. Kashyap and Sons Limited (the "Company").

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.

### **1. PURPOSE**

The primary objective of the Policy is to provide a framework and set standards for the nomination, remuneration and evaluation of the Directors, Key Managerial Personnel and Officials in the cadre of the senior management. The Company aims to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management

### **2. DEFINITIONS AND TERMS:-**

- 2.1 "Act" or "the Act" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 2.2 "Board of Directors" or the "Board" shall have same meaning as defined under Section 2(10) of the Act.
- 2.3 "Director" shall have same meaning as defined under Section 2(34) of the Act.
- 2.4 "Key Managerial Personnel" or "KMP" shall have same meaning as defined under Section 2(51) of the Act which, *inter alia*, includes:-
- (i) the Chief Executive Officer or the Managing Director or the Manager;
  - (ii) the Whole-Time Director;
  - (iii) the Chief Financial Officer;
  - (iv) the Company Secretary; and
  - (v) such other officer as may be prescribed under the applicable statutory provisions / regulations
- 2.5 "Senior Management" as explained under Section 178 of the Act means personnel of the company who are members of its core management team excluding the Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

- 2.6 "Listing Agreement" or "LA" means the Listing agreement entered into between the Company and the Stock Exchange on which the shares of the Company are listed.
- 2.7 "Independent Director" or "ID" shall have same meaning as assigned to it under the Act & LA.

### **3. ACCOUNTABILITIES**

- 3.1 The Board is ultimately responsible for the appointment of Directors and Key Managerial Personnel.
- 3.2 The Board has delegated responsibility for assessing and selecting the candidates for the role of Directors, Key Managerial Personnel and the Senior Management of the Company to the Nomination and Remuneration Committee which makes recommendations & nominations to the Board.

### **4. NOMINATION AND REMUNERATION COMMITTEE**

The Board of Directors of the "Company" In order to align with the provisions of Section 178 of the Companies Act, 2013 and the Listing Agreement, on May 28, 2014 renamed the "Remuneration Committee" as "Nomination and Remuneration Committee" ("the Committee"), which consists of three (3) Independent Directors and Minimum two (2) members constitute a quorum for the Committee meeting

#### **The Nomination and Remuneration Committee is responsible for:**

- 4.1 Formulating the criteria for determining qualifications, positive attributes and independence of a director.
- 4.2 Assessing the independence of independent directors.
- 4.3 Identifying the 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.
- 4.4 reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with the objective to diversify the Board

### **5. MEMBERSHIP:-**

- 5.1 The Committee shall consist of a 3 non-executive directors and atleast 50% of them shall be independent.

- 5.2 Minimum two members shall constitute a quorum for the Committee meeting.
- 5.3 Membership of the Committee shall be disclosed in the Annual Report.
- 5.4 Terms of the Committee shall be as per the decision taken in the meeting of the Board of Directors.

**6. CHAIRPERSON :-**

- 6.1 Chairperson of the Committee shall be an Independent Director.
- 6.2 Chairperson of the Company may be appointed as a member of the Committee but shall not chair the Committee.
- 6.3 In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- 6.4 Chairman of the Nomination and Remuneration Committee meeting may present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries, if any.

**7. FREQUENCY OF MEETINGS:-**

Committee Meeting shall be held at such regular intervals as may be required.

**8. COMMITTEE MEMBERS' INTERESTS:-**

- 7.1 A Member of the Committee is not entitled to be present when his/her remuneration is discussed at such meeting or when his/her performance is being evaluated.
- 7.2 The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

**9. SECRETARY:**

The Company Secretary of the Company shall act as Secretary of the Committee.

**10. VOTING :-**

- 10.1 Matters arising for determination at Committee meetings shall be decided by a majority of votes of committee members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- 10.2 In the case of equality of votes, the Chairman of the meeting shall have a casting vote.

## **11. MINUTES OF COMMITTEE MEETING:-**

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting or according to the requirement of the law.

Minutes of the Committee meetings will be tabled at the subsequent Board meeting.

## **12. APPOINTMENT OF DIRECTORS/KMPS/SENIOR OFFICIALS**

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or SMP and recommend to the Board his/her appointment. When recommending a candidate for appointment, the Nomination and Remuneration Committee has regard to:

- 12.1 assessing the appointee against a range of criteria which includes but not be limited to 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 is sufficient/satisfactory for the concerned position.
- 12.2 the extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company;
- 12.3 the skills and experience that the appointee brings to the role of KMP/Senior Official and how an appointee will enhance the skill sets and experience of the Board as a whole;
- 12.4 the nature of existing positions held by the appointee including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment;

## **13. LETTERS OF APPOINTMENT**

Each Director/KMP/Senior Officials is required to sign the letter of appointment with the Company containing the terms of appointment and the role assigned in the Company.

## **14. TERM /TENURE**

The term or tenure of Director or KMP or SMP shall be in accordance with the applicable provisions of the Act or Listing Agreement or other applicable rule, regulation. In compliance with the said laws, the term or tenure shall be as

decided in the meeting of the Board of directors or members, as the case may be.

## **15. REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT**

The Nominations & Remuneration Committee determines individual remuneration packages for Directors, KMPs and Senior Officials of the Company taking into account factors it deems relevant, including but not limited to market, business performance and practices in comparable companies, having due regard to financial and commercial health of the Company as well as prevailing laws and government/other guidelines. The Committee consults with the Chairman of the Board as it deems appropriate.

While determining the Remuneration Role of Nominations & Remuneration Committee is:

- 15.1 To consider and determine the Remuneration, based on the performance and to ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate members of the Board of the quality required to run the Company successfully and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board
- 15.2 To ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- 15.3 To ensure that the remuneration to directors, KMPs, and Senior Management Personnel of the Company involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- 15.3 To consider any other matters as may be requested by the Board.

### **Remuneration:**

#### a) Base Compensation (fixed salaries)

Must be 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; (includes salary, allowances and other statutory/non-statutory benefits which are normal part of remuneration package in line with market practices).

#### b) Variable salary:

The RN & C may in its discretion structure any portion of remuneration to link rewards to corporate and individual performance, fulfilment of specified

improvement targets or the attainment of certain financial or other objectives set by the Board. The amount payable is determined by the Committee, based on performance against pre-determined financial and non-financial metrics.

### **Statutory Requirements:**

Section 197(5) provides for remuneration by way of a fee to a director for attending meetings of the Board of Directors and Committee meetings or for any other purpose as may be decided by the Board.

Section 197(1) of the Companies Act, 2013 provides for the total managerial remuneration payable by the Company to its directors, including managing director and whole time director, and its manager in respect of any financial year shall not exceed eleven percent of the net profits of the Company computed in the manner laid down in Section 198 in the manner as prescribed under the Act.

The Company with the approval of the Shareholders and Central Government may authorise the payment of remuneration exceeding eleven percent of the net profits of the company, subject to the provisions of Schedule V.

The Company may with the approval of the shareholders authorise the payment of remuneration upto five percent of the net profits of the Company to its any one Managing Director/Whole Time Director/Manager and ten percent in case of more than one such official.

The Company may pay remuneration to its directors, other than Managing Director and Whole Time Director upto one percent of the net profits of the Company, if there is a managing director or whole time director or manager and three percent of the net profits in any other case.

The net profits for the purpose of the above remuneration shall be computed in the manner referred to in Section 198 of the Companies Act, 2013.

### **MINIMUM REMUNERATION:**

If circumstances demand, the Company may pay remuneration to its managerial personnel i.e. Managing Director or Whole-time Director or Manager in accordance with the provisions of Sec. 196, 197, Schedule V and other applicable provisions of the Act.

### **PROVISIONS FOR EXCESS REMUNERATION**

Remuneration drawn or received, directly or indirectly, in excess of the limits prescribed under the Act, shall be dealt with as prescribed under the Act.

## **REMUNERATION TO NON-EXECUTIVE/ INDEPENDENT DIRECTOR**

Independent director may receive remuneration by way of fee (sitting fee) for attending meetings of Board or Committee thereof as per Sec. 197(5) provided that the amount of such fee 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.

Independent director may receive reimbursement of expenses for participation in the Board and other meetings and profit related commission as may be approved by the members.

## **INDEPENDENCE OF DIRECTOR (ID)**

Appointment of IDs shall be in accordance with the provisions of the Act as well as Listing Agreement.

Committee should check whether a person to be nominated or appointed as an ID meets the criterion of independence as prescribed under Sec. 149(6) of the Act and Clause 49 of the Listing Agreement.

While nominating any person to be appointed as an ID, the Committee should satisfy itself that the person gives a declaration as prescribed under the Act declaring that he/she meets the criterion of independence prescribed under the Act and Listing Agreement.

## **EVALUATION**

The Committee shall carry out evaluation of performance of every Director, KMP and SMP on yearly basis or at such frequent intervals, as its Members may decide.

## **REMOVAL**

Due to reasons for any disqualification mentioned in the Act or Listing Agreement or under any other applicable Act, rules and regulations, the Committee may recommend removal of KMP or Senior Management Personnel subject to the provisions and compliance of the said laws.

## **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 shall 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 in accordance with the applicable law.

## **Framework for Performance Evaluation of Independent Directors, other Directors and the Board Statutory Provisions**

### **A. Review of Board Evaluation Framework :-**

In terms of Clause 49 of the Listing Agreement, the Board is required to monitor and review Board Evaluation Framework.

### **B. Separate Meeting of independent directors & Performance Review of non-independent directors, the Board as a whole and Chairperson of the company:-**

Schedule IV of the Act and clause 49 of the Listing Agreement, *inter alia*, provide for atleast one separate meeting of independent directors in a year without the attendance of non-independent directors and members of management. The said meeting shall:-

- (a) review the performance of non-independent directors and the Board as a whole;
- (b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- (c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### **C. Evaluation/ Assessment of Directors/ KMPs/Senior Officials of the Company –**

The evaluation/assessment of the Directors, KMPs and the senior officials of the Company is to be conducted on an annual basis and to satisfy the requirements of the Listing Agreement.

The following criteria may assist in determining how effective the performances of the Directors/KMPs/Senior officials have been:

- Leadership & stewardship abilities
- contributing to clearly define corporate objectives & plans
- obtain adequate, relevant & timely information from external sources.
- review & approval achievement of strategic and operational plans, objectives, budgets
- regular monitoring of corporate results against projections
- identify, monitor & mitigate significant corporate risks



- review management's succession plan
- effective meetings
- assuring appropriate board size, composition, independence, structure
- clearly defining roles & monitoring activities of committees
- review of corporation's ethical conduct

The Executive Director/Non-Independent Directors along with the Independent Directors will evaluate/assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion

## **16. DEVISING A POLICY ON THE BOARD DIVERSITY.**

- making recommendations to the Board in relation to Remuneration payable to and appointment and removal of Directors, Key Managerial Personnel and Senior Management;
- To evaluate the performance of the members of the Board and provide necessary report to the Board;
- identifying individuals suitably qualified to be appointed as the KMPs or in the senior management of the Company
- recommending to the Board on the selection of individuals nominated for directorship;
- to devise a policy on Board diversity;
- to develop a succession plan for the Board and to regularly review the plan;

## **17. Review of the Policy**

- The Remuneration and Nomination Committee will review the Policy, from time to time, to ensure the effectiveness of the Policy. The Remuneration and Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.