

THE KCP LIMITED

Nomination, Remuneration and Evaluation Policy and Charter of the committee

Pursuant to Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR) Regulations, 2015 as amended, the Board of Directors of every listed Company shall constitute the Nomination and Remuneration Committee.

In order to align with the provisions of the Companies Act, 2013 and the amended Listing Regulations from time to time, the Board on 22 May 2014 changed the nomenclature of the “Remuneration Committee” as “Nomination and Remuneration Committee” and on 7th August, 2019 reconstituted the Committee with four non-executive Independent Directors and Executive Chairman of the company as members.

1. OBJECTIVE

This Committee and the Policy is formulated in compliance with Section 178 of the Companies Act, 2013, rules made there under and Regulation 19 of the SEBI (LODR) Regulations, 2015 as amended.

The Key Objectives of the Committee would be:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management personnel.
- To formulate criteria to evaluate the performance of the members of the Board and provide necessary support to the Board for further evaluation of the Board.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management personnel.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To devise a policy on Board diversity
- To develop a succession plan for the Board and to regularly review the plan;

2. DEFINITIONS

- **Act** means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
- **Board** means Board of Directors of the Company.
- **Committee** means Nomination and Remuneration committee of the company
- **Directors** mean Directors on the Board of the Company.
- **Key Managerial Personnel (KMP)** means
 - Chief Executive Officer or the Managing Director or the Manager;
 - Whole-time director;
 - Chief Financial Officer;
 - Company Secretary; and
 - such other officer as may be prescribed.
- **Senior Management personnel** means Senior Management personnel means personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads.

3. MEMBERSHIP

- The Committee shall consist of a minimum 3 non-executive directors, at least fifty percent of the directors shall be independent directors.
- The quorum for a meeting of the nomination and remuneration committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.
- Membership of the Committee shall be disclosed in the Annual Report.
- Term of the Committee shall be continued unless terminated by the Board of Directors.

4. CHAIRPERSON

- The Chairperson of the nomination and remuneration committee shall be an independent director.
- The chairperson of the company, whether executive or non-executive, may be appointed as a member of the Nomination and Remuneration Committee and shall not chair the Committee.
- In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- Chairperson 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.

5. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required and the Nomination and Remuneration committee shall meet at least once in a year .

6. COMMITTEE MEMBERS' INTERESTS

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

7. SECRETARY

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

8. VOTING

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

9. ROLE OF COMMITTEE

Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee

- formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- formulation of criteria for evaluation of performance of independent directors and the board of directors;
- devising a policy on diversity of board of directors;
- 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 of directors their appointment and removal.
- whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

Appointment criteria and qualifications

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Directors, KMP or at Senior Management level 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 is sufficient / satisfactory for the concerned position.
- The appointment of whole time directors shall be by the Board on the recommendations of Nomination and Remuneration committee and subject to the approval of the shareholders in compliance with the applicable provisions of the companies Act, 2013 rules made there under and the applicable listing regulations.
- The committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director
- The committee shall devise a policy on diversity of board of directors
- The committee shall Ensure that there is an appropriate induction in place for new Directors and members of Senior Management personnel and reviewing its effectiveness;

- The committee shall Determine the appropriate size, diversity and composition of the Board;
- The committee shall Consider any other matters, as may be requested by the Board.

Remuneration Policy for the company

The committee shall:

- recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees
- to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- to make recommendations to the Board on the remuneration payable to the Key Managerial Personnel and the Senior Management personnel having regard to their experience, leadership abilities, initiative taking abilities and knowledge base.
- to consider any other matters as may be requested by the Board.
- recommend to the board, all remuneration, in whatever form, payable to senior management.

8. Formulation of criteria for 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.

The committee may consider the following criteria in evaluation of the performances of the Directors:

- *Leadership abilities*
- *Ability to contribute the clearly defined corporate objectives & plans*
- *Commitment to the fulfillment of a director's obligation and fiduciary responsibilities*
- *Ability to contribute to and monitor the corporate governance practices of the company.*
- *Active participation in long-term strategic planning*

• Evaluation of Independent Directors:

- i. The performance evaluation of any and all the independent directors of the Company shall be done by the entire Board of Directors of the Company (excluding the director being evaluated);

- ii. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director;
- iii. The criteria to be used in the evaluation of performance for the independent directors shall be as follows:
 - a. a person who in opinion of the Committee is a person of integrity and possesses relevant expertise and experience and shall possess such other qualifications as may be prescribed by the Board;
 - b. have skills and experience that can be of assistance to management in operating the Company's business;
 - c. demonstrate integrity, accountability and judgment;
 - d. can be expected to add to the total mix of individuals on the Board so as to give the Company a Board that is effective, collegial, diverse and responsive to the needs of the Company;
 - e. uphold ethical standards of integrity and probity;
 - f. act objectively and constructively while exercising his duties;
 - g. exercise his responsibilities in a bonafide manner in the interest of the Company;
 - h. devote sufficient time and attention to his professional obligations for informed and balanced decision making;
 - i. not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
 - j. not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
 - k. refrain from any action that would lead to loss of his independence;
 - l. where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
 - m. assist the company in implementing the best corporate governance practices;

- n. a person who shall bring an objective view in the evaluation of the performance of board and management;
- o. scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- p. help in bringing an independent judgment to bear on the Board's deliberation especially on issues of strategy , performance, risk management, resources, key appointments and standards of conduct;
- q. safeguard the interests of all stakeholders, particularly the minority Shareholders;
- r. balance the conflicting interest of the stakeholders;
- s. determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive director, key managerial personnel and senior management;
- t. moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest;

b) Evaluation Criteria of Board of Directors:

- i. The independent directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management. All the independent directors of the company shall strive to be present at such meeting.
- ii. The independent directors in the meeting shall, inter-alia: 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 view 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.
- iii. The criteria to be used in the evaluation of performance for the Board of Directors shall be as follows:
 - a. a person who in opinion of the Committee is a person of integrity and possesses relevant expertise and experience and shall possess such other qualifications as may be prescribed by the Board;
 - b. have skills and experience that can be of assistance to management in operating the Company's business;

- c. demonstrate integrity, accountability and judgment;
- d. can be expected to add to the total mix of individuals on the Board so as to give the Company a Board that is effective, collegial, diverse and responsive to the needs of the Company;
- e. uphold ethical standards of integrity and probity;
- f. act objectively and constructively while exercising his duties;
- g. exercise his responsibilities in a bonafide manner in the interest of the Company;
- h. devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- i. not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- j. not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;

The committee may consider the following criteria in evaluation of the performances of the /KMPs/senior officials:

- *Qualification (as required for the said position and any other additional qualifications)*
- *Experience (experience in the relevant work areas)*
- *interpersonal, communication and representational skills, leadership skills ,Team building and management skills and Strong influencing and negotiating skills*
- *Abilities and Attributes like Commitment to high standards of ethics, personal integrity and probity.*

Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/Non-Independent Directors in a separate meeting of the Independent Directors.

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.

9. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee.