



KNR CONSTRUCTIONS LIMITED

Nomination and Remuneration Policy

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a) Introduction:

In terms of Section 178 of the Companies Act, 2013 (hereinafter referred to as the "Act") and Regulation 19 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "Listing Regulations"), as amended from time to time, this policy has been formulated by the Nomination and Remuneration Committee of the Company (hereinafter referred to as the "Committee") and approved by the Board of Directors (hereinafter referred to as the "Board").

This policy shall act as guidelines on matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel and Senior Management.

b) Objectives:

The objectives of this policy, in line with the requirements of Companies Act, 2013 and Listing Regulations, are as under:

- To formulate the criteria for determining qualifications, positive attributes and independence of a director;
- To provide standards for appointment and removal of Directors, Key Managerial Personnel and other Senior Management;
- To recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel, senior management;

The Nomination and Remuneration Committee shall recommend the remuneration policy to the Board. The Board is ultimate authority for approving and overseeing implementation of the remuneration policy.

c) Definitions

In this policy

- **"Act"** means the Companies Act, 2013 and rules made thereunder, as amended from time to time.
- **"Board"** means Board of Directors of KNR Constructions Limited

- **“Committee”** means Nomination and Remuneration Committee of the Company as constituted/re-constituted by the Board.
- **“Director”** means a person appointed as Director on the Board.
- **“Independent Director”** means a director referred to under Section 149 (6) of the Act and Regulation 16(1)(b) of the Listing Regulations.
- **“Key Managerial Personnel”** means
 - Chief Executive Officer or the Managing Director or the Manager;
 - Whole-time Director;
 - Chief Financial Officer;
 - Company Secretary; and
 - Such other persons who may be considered to be KMP under the Act or as may be identified by the Board
- **“Senior Management Personnel”** means personnel of the Company who are members of its core management team excluding Board of Directors and this would comprise all members of management one level below the Executive Directors including all functional heads.

d) Criteria for determining Positive attributes and Independence of Directors

The Committee shall consider the following for determining the positive attributes of directors, including independent directors.

- ❖ Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.
- ❖ Should possess relevant experience and Qualification to discharge functions of directors.
- ❖ Willingness to devote sufficient time and attention to the Company’s business and discharge their responsibilities.
- ❖ Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.
- ❖ To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees.

Criteria for determining independence:

The criteria for a person to be appointed as an Independent Director shall be as per the criteria mentioned in Section 149 (6) of the Act and rules made thereunder, Regulation 16 (b) and 25 of Listing Regulations.

e) Appointment and Removal of Directors, Key Managerial Personnel and Senior Management Personnel

Appointment Criteria and Qualifications:

- ❖ 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 the appointment, as per Company's Policy.
- ❖ 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.
- ❖ The appointment of any Whole-Time Director/KMP/Senior Management shall also be governed by the prevailing employment policies of the Company.
- ❖ 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 subject to the same being intimated to the Board or being in accordance with the policy of the Company.
- ❖ The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager/ Independent Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of the members by a special resolution.
- ❖ Independent Director shall meet all criteria specified in Section 149(6) of the Companies Act, 2013 and rules made thereunder and/or as specified in Regulation 25 of the Listing Regulations.

Tenure of Directors:

The tenure of directors shall be governed as per the provisions of the Act and rules made thereunder and the Listing Regulations, as amended from time to time.

Managing Director/Whole-time Director:

The Company may appoint or re-appoint a person as its Managing 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.

Independent Director

- ❖ An Independent Director may hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment for another term up to five consecutive years on passing of a special resolution by the shareholders of the Company.
- ❖ 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.
- ❖ 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 applicable regulations in force.

Removal:

Due to reasons for any disqualifications mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

Retirement:

The Director, KMP and Senior Management 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 KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

f) Remuneration to Directors, KMP, Senior Management Personnel

- ❖ The remuneration to be paid to the Managing Director/Whole-time Directors shall be in accordance with the provisions of the Act, and the rules made thereunder.

- ❖ Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board, in the case of Managing Director/ Whole-time Director, subject to the approval by the members of the Company, if required.
- ❖ Remuneration of other KMP, Senior Management Personnel shall be as per the policy of the Company based on the grade structure in the Company.
- ❖ Increments to the existing remuneration of KMP, Senior Management Personnel will be decided by the Managing Director / Executive Director as authorized by the Board on the recommendation of the Committee.
- ❖ The level and composition of remuneration as determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel and Senior Management of the quality required to run the Company successfully.
- ❖ The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Remuneration to Managing Director /Whole-time director:

Fixed pay: The Managing Director/Whole-time Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board and approved by the shareholders and Central Government, wherever required.

Variable Pay: The Committee may 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 shall be based on performance against various financial and non-financial parameters.

Remuneration to Non-Executive/Independent Directors

Sitting Fees:

The Non-Executive/Independent Directors shall be paid sitting fees for attending the meetings of the Board and the Committees of which they are members. The Board may at its discretion revise the sitting fees payable to the Non-Executive/Independent Directors from time to time provided that the amount of such fees shall not exceed the limits prescribed under the Companies Act, 2013 or rules made thereunder.

Profit related Commission:

Independent Directors may be paid commission on profits with the approval of the members as per the Board recommendation under Section 197(7) of the Companies Act, 2013.

Stock Options:

The Independent Directors are not entitled to any stock options of the Company.

Remuneration to KMP, Senior Management Personnel and Other employees:

The KMP, Senior Management Personnel of the Company shall be paid monthly remuneration as per the Company's HR policies and / or as may be decided by the Managing Director/Executive Director of the Company, authorised by the Committee and the Board. The break- up of the pay scale and quantum of perquisites including, employer's contribution to P.F, medical expenses, etc. shall be as per the Company's HR policies.

Evaluation of Directors, Board and Committees:

- ❖ The performance evaluation of all individual directors (including independent directors), Board as a whole and Committees of the Board shall be carried out by the Board of Directors.
- ❖ The performance evaluation of executive directors, Board as a whole and the Chairperson of the Company shall be carried out by Independent Directors.

Such evaluation shall be carried out by the Board/Independent Directors on yearly basis as required under the provisions of the Act.

Criteria for evaluation of the Board, its Committees and the Directors:

The Company shall formulate with the approval of the Committee a questionnaire to assist in the performance evaluation of the Board, its Committees and the Directors. The parameters/questions evaluating the performance shall be rated on a scale of 1 to 5. Every Director has to fill the questionnaire related to the performance of the Board, its committees and individual Directors except himself. On the basis of the response to the questionnaire, a formal annual evaluation shall be made.

Performance Evaluation of KMP and Senior Management:

- ❖ The performance evaluation as per the set standards and increment of remuneration of KMP and Senior Management shall be decided by the

Managing Director/Executive Director of the Company as authorised by the Committee and/or the Board.

Review and Amendment

This Policy will be reviewed and reassessed by the Committee as and when required and appropriate recommendations shall be made to the Board to update this Policy in line with the changes/amendments that may be notified.

Amended policy approved at the board meeting held on 09.02.2023