

KOPRAN LIMITED

Nomination and Remuneration Policy

(Pursuant to Section 178 of the Companies Act, 2013 read with Regulation 19 (4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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I. OBJECTIVE:

The Nomination and Remuneration Policy formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC / Committee) and has been approved by the Board of Directors at its Meeting held on 6th May, 2019.

The objective of the policy is :

- ❖ To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel (KMP) and Senior Management `;
- ❖ To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors ,KMP and Senior Management of the quality required to run the company successfully; and
- ❖ To guide Human Resource Department of the Company to have appropriate Evaluation system for Directors, KMP and Senior Management and suggest appropriate performance benchmarks.

DEFINITIONS

Key definitions of terms used in this Policy are as follows:

1. **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
2. **The Regulations** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.
3. **Board** means Board of Directors of the Company.
4. **Directors** means a Director appointed to the Board of the Company.
5. **Key Managerial Personnel** means
 - i. Chief Executive Officer or the Managing Director or the Manager;
 - ii. Whole-time director;
 - iii. Chief Financial Officer;
 - iv. Company Secretary; and
 - v. such other officer as may be prescribed.
6. **“Senior Management”** shall mean officers/personnel of the Company who are members of its core management team excluding Board of Directors and comprising 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 company secretary and chief financial officer of the Company.

7. **Remuneration** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;

II. ROLE OF COMMITTEE

1. Matters to be dealt by the Nomination and Remuneration Committee

The Committee shall:

- i. Periodically reviewing the size and composition of the Board to ensure that it is structured in such a manner which enables to take appropriate decision in the best interest of the Company as a whole.
- ii. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommending candidates to the Board as and when need arises keeping in view the Board structure and expertise/experience required.
- iii. Establish and on regular basis review the succession plan of the Board, KMPs and Senior Executives.
- iv. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- v. To formulate criteria for evaluation of Independent Directors and the Board;
- vi. Recommend to the Board performance criteria for the Directors, KMPs and Senior Management.
- vii. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.
- viii. Recommend to the Board, the remuneration to Directors and decide on remuneration to KMP and Senior Management at the time of appointment and any subsequent revision of salary.
- ix. Help the Board to formulate and ensure the Board nomination process keeping in mind the diversity of gender, expertise, experience and Board structure.
- x. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable;
- xi. To perform such other functions as may be necessary or appropriate for the performance of its duties.

2. Policy for appointment and removal of Director, KMP and Senior Management

i. Appointment criteria and qualifications

- a. 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 to the Board his / her appointment, as per Company's Policy.
- b. A person to be recommended to the Board should be a man with integrity, possess adequate qualification, expertise and experience for the position he / she is considered for appointment and industry in which Company operate. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

- c. A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise and insights in sectors/areas relevant to the Company, ability to contribute to the Company's growth, complementary skills in relation to the other Board members.
- d. The Company shall not appoint or continue the employment of any person as Managing Director and/or Whole-time 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 shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
- e. 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 with the permission of the Board of Directors of the Company.

ii. Term/ Tenure

a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its, Managing Director and CEO or Executive/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.

b) Independent Director:

- 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 a special resolution by the Company and disclosure of such appointment in the Board's report.
- 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.

Independent Director should be ensured that number of Boards on which he/she is Independent Director and any other Board Committee are within the limits prescribed under the Companies Act, 2013 and SEBI Regulations in force.

iii. Evaluation

The Committee shall carry out evaluation of performance of every Director at regular interval (yearly) or at such intervals as may be considered necessary.

iv. Removal

The Committee may recommend to the Board, with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Act, rules and regulations and the policy of the Company.

v. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the term of appointment, provisions of the Act, the Regulations and the Policies of the Company. The Board will 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 subject to compliance of provisions of the Act and the Regulations.

3. Policy relating to the Remuneration for the Managing Director, Whole-time Director, KMP and Senior Management Personnel

i. General:

- a) The remuneration / compensation / commission / fees etc. to be paid to the Managing Director, Whole-time Director and other Directors will be determined by the Committee and recommended to the Board for approval which shall be subject to the prior/post approval of the shareholders of the Company or Central Government, wherever required.
- b) The remuneration and commission to be paid to the Managing Director, Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.
- c) Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managing Director, Whole-time Director.
- d) Where any insurance is taken by the Company on behalf of its Managing Director, Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration.
- e) The Committee may recommend for Stock Options for Directors and Senior Managers and other employees within the framework of SEBI Regulations in force. The Committee shall determine the stock options and other share based payments to be made to Key Managerial Personnel and Senior Management.
- f) Reset of remuneration for Senior Management or KMP shall be based on the total remuneration at levels to attract, motivate and retain high calibre and high potential personnel in a competitive global market and shall be within the powers of the Committee to make the changes.

ii. Remuneration to Managing Director/Whole-time Directors:

a) Fixed pay:

The Managing Director/ Whole-time Director/ KMP and Senior Management Personnel 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 on the recommendation of the Committee, subject to the approval of the shareholders or Central Government, wherever required.

b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director, Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

c) Provisions for excess remuneration:

If any Managing Director, Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the approval of the shareholders or 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 shareholder or Central Government.

iii. Remuneration to Non- Executive / Independent Director:

a) Remuneration / Commission:

All the remuneration of the Non-Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.

b) Stock Options:

An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.

c) Remuneration for services of Professional Nature:

Any remuneration paid to Non- Executive Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:

- i) The Services are rendered by such Director in his/her capacity as the professional; and
- ii) In the opinion of the Committee, the Director possesses the requisite qualification for the practice of that profession.

iv. Remuneration to Key Managerial Personnel and Senior Management:

- a) The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay in accordance with the Company's Policy.
- b) The Nomination and Remuneration Committee or any other Committee to be constituted by the Company for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share based payments to be made to Key Managerial Personnel and Senior Management.
- c) The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from time to time.
- d) The Incentive pay/performance linked pay shall be decided based on the extent of achievement of the individual target/objective or performance of the Key Managerial Personnel and Senior Management and performance of the Company which will be decided annually or at such intervals as may be considered appropriate.

4. Policy Review:

The Policy is framed based on the provisions of the Companies Act, 2013 and rules made there under and the requirement of the Regulation 19(4) of the SEBI (LODR) Regulations, 2015. In case of any subsequent changes in the provisions of the Act or any other Regulations which makes any of the provisions of this Policy inconsistent with the Act or any such Regulation, then the provisions of the Act or such Regulation would prevail over the Policy and the provisions in the Policy would be modified in due course to make it in consistent with the Act or such Regulation or Agreement.

The Committee shall review the Policy as and when any changes are to be incorporated in the Policy due to changes in the Act or such Regulation or Agreement or felt necessary by the Committee. Any changes in the Policy shall be recommended by the Committee to the Board and shall be effective on approval of the Board.

III. Implementation:

- The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- The Committee may Delegate any of its powers to one or more of its members.