



NOMINATION AND REMUNERATION POLICY



KLJ RESOURCES LIMITED

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CIN: L67120WB1986PLC041487



INTRODUCTION

This policy on nomination and remuneration of Directors, Key Managerial Personnel (KMPs) and other employees has been formulated in terms of the provisions of Section 178 of the Companies Act, 2013 (“the Act”) read with relevant rules issued there under and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (‘Listing Regulations’) and Part D of Schedule II of Listing Regulations in order to identify persons who are qualified to become directors and who may be appointed in senior management and to pay equitable remuneration to the Directors, KMPs and employees of the Company and to harmonize the aspirations of human resources consistent with the goals of the Company.

OBJECTIVE

The objectives and purpose of this policy is to lay down a framework in relation to remuneration of directors, KMP, senior management personnel and other employees. The Key objectives are:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director.
- Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors.
- Devising a policy on Board Diversity.
- Formulation of policies for remuneration to Directors, Key Managerial Personnel and Senior Management Personnel.
- 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. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - a. use the services of an external agencies, if required;
 - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c. consider the time commitments of the candidates.



- Identification and recommendation to Board, regarding persons who are qualified to become Directors, Key Managerial Personnel and Senior Management Personnel in accordance with the criteria laid down.
- Recommend to the Board on appointment and removal of Directors, Key Managerial Personnel and Senior Management Personnel.
- Whether to extend or continue the term of appointment of the Independent Directors, on the basis of the report of performance evaluation of independent directors.
- Recommend to the Board, all remuneration, in whatever form, payable to senior management.

CONSTITUTION OF NOMINATION AND REMUNERATION COMMITTEE

- The Board has constituted the “Nomination and Remuneration Committee” consisting of 3 or more non-executive directors out of which at least 2/3rd are Independent Directors in accordance with the requirements under the Act and Listing Regulations. Further, the Board has authority to reconstitute the Committee from time to time.
- The Chairman of the Committee shall be an Independent Director.
- The Chairman of the Company whether executive or non-executive may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.
- In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- The Chairman of the Committee or in his absence, any other member of the Committee authorized by him in this behalf shall attend the General Meetings of the Company to answer the shareholders’ queries.
- The Company Secretary shall act as the secretary for Committee meetings.
- The Quorum for the Committee meeting shall be 1/3rd of its total strength or two members, whichever is higher, including at least one independent director.
- The Committee shall meet at least once in a year. Further the meetings of the Committee shall be held as and when required and as statutorily required under the provisions of Companies Act, 2013 and rules made thereunder and as per applicable law, if any, for the time being.



DEFINITIONS

‘Board’ means Board of Directors of the Company.

‘Directors’ means other than Managing Director(s) appointed under the provisions of the Companies Act, 2013 and rules made thereunder.

‘Committee’ means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board in accordance with the Act and the Listing Regulations.

‘Company’ means KLJ Resources Limited.

‘Independent Director’ means a Director referred to in Section 149(6) of the Companies Act, 2013 and rules issued thereunder and/or defined under Regulation 16(b) of the Listing Regulations.

‘Key Managerial Personnel (KMP)’ means-

- i) the Chief executive officer or the Managing Director or the manager;
- ii) the Whole-time director
- iii) the Company Secretary; and
- iv) the Chief Financial Officer
- v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board and
- vi) Such other officer as may be prescribed.

“Policy” means the Nomination and Remuneration Policy.

“Senior Management personnel” shall mean the officers and personnel of the Company who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and Listing Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.



GENERAL

This Policy is divided in three parts: -

Part – A covers the matters to be dealt with and recommended by the Committee to the Board;

Part – B covers the appointment and nomination; and

Part – C covers remuneration and perquisites etc.

This policy shall be included in the Report of the Board of Directors.

Part – A

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

The following matters shall be dealt by the Committee:-

(a) Size and composition of the Board:

Periodically reviewing the size and composition of the Board to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company as a whole;

(b) Directors:

Formulate the criteria determining qualifications, positive attributes and independence of a Director and recommending candidates to the Board, when circumstances warrant the appointment of a new Director, having regard to the range of skills, experience and expertise, on the Board and who will best complement the Board;

(c) Succession plans:

Establishing and reviewing Board and senior executive succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management;

(d) Evaluation of performance:

- Make recommendations to the Board on appropriate performance criteria for the Directors.
- Formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company.



- Identify ongoing training and education programs for the Board to ensure that Non-Executive Directors are provided with adequate information regarding the options of the business, the industry and their legal responsibilities and duties.

(e) Board diversity:

The Committee is to assist the Board in ensuring Board nomination process with the diversity of gender, thought, experience, knowledge and perspective in the Board, in accordance with the Board Diversity policy.

(f) Remuneration framework and policies:

The Committee is responsible for reviewing and making recommendations to the Board on:

- (a) the remuneration of the Managing Director and KMPs.
- (b) the total level of remuneration of Non-Executive Directors and for individual remuneration for Non- Executive Directors and the Chairman, including any additional fees payable for membership of Board committees;
- (c) the remuneration policies for all employees including KMPs, senior management and other employees including base pay, incentive payments, retirement rights and service contracts having regard to the need to:
 - attract and motivate talent to pursue the Company's long term growth;
 - demonstrate a clear relationship between executive compensation and performance; and
 - be reasonable and fair, having regard to best governance practices and legal requirements;
- (d) the Company's superannuation arrangements and compliance with relevant laws and regulations in relation to superannuation arrangements; and
- (e) the Company's remuneration reporting in the financial statements and remuneration report.

PART – B

POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMPS AND SENIOR MANAGEMENT

• Appointment criteria and qualifications

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or senior management level and recommend to



the Board of his/ her appointment.

2. A person to be appointed as Director, KMP or senior management level should possess integrity, 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.

Further, the incumbent Director should have one or more of the following attributes:

- Respect for and strong willingness to imbibe the Company's Core Values.
- Honesty and Professional integrity.
- Strategic capability with business vision.
- Entrepreneurial spirit and track record of achievements.
- Ability to be independent.
- Capable of lateral thinking.
- Reasonable financial expertise.
- Association in the fields of Business/Corporate world/Finance/Education/Community Service.

3. The Company shall not appoint or continue the employment of any person as Managing Director / Executive Director who has attained the age of seventy years.

Provided, that the term of the person holding this position may be extended at the discretion of the committee 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 as the case may be.

4. 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.

- **Term / Tenure**

- 1. Managing Director/Whole Time Director**



The Company shall appoint or re-appoint any person as its Managing Director/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.

2. 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.

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 seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time (Executive) Director of a listed company.

3. Mechanism for evaluating Board members:

The performance evaluation of board, its committee and individual directors is done by the Board annually, based on the criteria of attendance and contributions at Board/Committee Meetings as also for the role played other than at Meetings.

4. Removal

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



5. Retirement

The KMP and senior management personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the KMP and senior management personnel in the same position/remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

PART – C

POLICY RELATING TO THE REMUNERATION FOR DIRECTORS, KMPs AND OTHER EMPLOYEES

• Remuneration to Directors

1. The remuneration / compensation / commission etc. to Directors will be determined by the Committee and recommended to the Board for approval.
2. The remuneration and commission to be paid to the Managing Director shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.
3. 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.
4. If, in any financial year the Company has no profits or its profits are inadequate the managerial remuneration consisting of salary, perquisites and amenities shall be payable in accordance with Schedule V and any other applicable provisions, if any, of the Companies Act 2013 and subject to the approval of statutory authority(ies) and/or shareholders, as may be required.
5. The remuneration payable to each Non-Executive Director is based on the remuneration structure as determined by the Board, and is revised from time to time, depending on individual contribution, the Company's performance and the provisions of the Companies Act, 2013 and the rules made thereunder.

The remuneration to the Non-executive Directors (including Independent Directors) may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the



profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

- **Remuneration to KMPs and other employees**

The eligibility criteria for appointment of key managerial personnel and senior management personnel shall be in accordance with the job description of the relevant position. In particular, the position of Key Managerial Personnel should be filled by senior personnel having relevant qualifications and experience.

The remuneration structure for Key Managerial Personnel and Senior Management Personnel shall be as per the Company's remuneration structure taking into account factors such as level of experience, qualification, performance and suitability which shall be reasonable and sufficient to attract, retain and motivate them.

The remuneration may consist of fixed and incentive pay/retention bonus reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The aforesaid employees may also be provided any facility, perquisites, commission, accommodation, interest free loans or loans at concessional rate in accordance with the policies framed for the employees or any category thereof. However, loan to the Directors shall be governed by such approvals as may be required by the Companies Act, 2013.

- **Liability Insurance**

Where any insurance is taken by the Company on behalf of its Directors, KMP 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 payable to any such personnel.

Provided, that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

REVIEW OF THE POLICY

The adequacy of this Policy shall be reviewed and reassessed by the Committee periodically and appropriate recommendations shall be made to the Board to update the Policy based on the changes that may be brought about due to any regulatory amendments or otherwise.