



KIRAN VYAPAR
LIMITED

This document intends to sets out the approach for remuneration to the members of the Board of Directors, Key Managerial Personnel and the Senior Management Personnel of the Company.

NOMINATION & REMUNERATION POLICY

Approved By: [●] Board of Directors

Policy Owner : [●] Company Secretary and CFO

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Base Document	:	Nomination and Remuneration Policy
Initial Document Prepared by	:	
Functional aspects Checked by	:	Mr. P.K Ojha
Governing Guideline/Policy	:	Policy On Nomination & Remuneration Policy

NOMINATION & REMUNERATION POLICY

KIRAN VYAPAR LIMITED

NOMINATION & REMUNERATION POLICY

1. Preamble

1.1 Sub-section (3) of Section 178 of the Companies Act, 2013 states that the Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

1.2 Section 178 of the Companies Act, 2013 has been made effective from April 1, 2014 by the Central Government by notification no. S.O. 902(E) issued on March 26, 2014. Therefore this Nomination and Remuneration Policy (“the Policy”) has been framed in compliance with the provisions of the Act and Rules made under the Act.

1.3 Pursuant to the amendments in Regulation 19 read with Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 vide SEBI (LODR) (Amendment) Regulations, 2018 and the Companies (Amendment) Act, 2017, the Policy has been further revised and adopted by the Board in its Meeting held on 28th March, 2019.

1.4 Thereafter, in view of the recent requirement of Scale Based Regulation framework issued by Reserve Bank of India (RBI) vide circular RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021-22 and revised/updated as per the Guidelines on Compensation of Key Managerial Personnel and Senior Management in NBFCs issued by Reserve Bank of India (RBI) vide circular dated RBI/2022-23/36 DOR.GOV.REC.No.29/18.10.002/2022-23 on April 29, 2022 (“RBI Guidelines”).

Further Reserve Bank of India has issued Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, dated October 19, 2023, consolidating all above mentioned Master circulars on Scale Based Regulations.

The Board of Directors had reviewed and revised the policy in place of the existing policy in their meeting held on 16th January 2024,

The Policy provides a framework for remuneration to the members of the Board of Directors (“Board”), Key Managerial Personnel (“KMP”) and the, Senior Management Personnel (“SMP”) (collectively referred to as “Executives”) and other employees of the Company. (collectively referred to as “Executives”).

The expression “senior management” means officers/personnel of the Company who are members of its core management team excluding directors comprising all members of the 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 shall specifically

include the functional head by whatever name called and the company secretary and chief financial officer.

Further, the term “Applicable Law” includes any statute, law, regulations, ordinance, rule, judgment, order, decree, bye-law, clearance, directive, guideline, policy, requirement, notifications and clarifications or other governmental instruction and/or mandatory standards as may be applicable to the Company from time to time.

All the other terms used in the Policy shall have the same meaning as assigned to them under the Applicable Law.

1.4 The Members of the Nomination and Remuneration Committee (“the Committee or NRC”) shall be appointed by the Board and shall comprise three or more non-executive directors out of which not less than one-half shall be independent directors. Any fraction in the one-half shall be rounded off to one.

1.5 This Policy will be called “KVL Nomination & Remuneration Policy” and referred to as “the Policy”.

1.6 The Policy will be reviewed at such intervals as the Nomination and Remuneration Committee will deem fit.

2. Objectives

2.1 The objectives of the Policy are as follows:

2.1.1 To set criteria for determining qualifications, positive attributes and independence of a director, and remuneration of the Executives.

2.1.2 To enable the Company to attract, retain and motivate highly qualified members for the Board and other executive level to run the Company successfully.

2.1.3 To enable the Company to provide a well-balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations.

2.1.4 To ensure that the interests of Board members & senior executives are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the company and will be consistent with the "pay-for-performance" principle.

2.1.5 To ensure that remuneration to directors, KMP, senior management and employees 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.

3.Principles of remuneration / compensation

3.1 **Support for Strategic Objectives:** Remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, and supports and reinforces the achievement of the Company's vision and strategy.

3.2 **Transparency:** The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.

3.3 **Internal equity:** The Company shall remunerate the Executives in terms of their roles within the organisation. Positions shall be formally evaluated to determine their relative weight in relation to other positions within the Company.

3.4 **External equity:** The Company strives to pay an equitable remuneration, capable of attracting and retaining high quality personnel. Therefore the Company will remain logically mindful of the ongoing need to attract and retain high quality people, and the influence of external remuneration pressures. Reference to external market norms will be made using appropriate market sources, including relevant and comparative survey data, as determined to have meaning to the Company's remuneration practices at that time.

3.5 **Flexibility:** Remuneration and reward shall be sufficiently flexible to meet both the needs of individuals and those of the Company whilst complying with relevant tax and other laws.

3.6 **Performance-Driven Remuneration:** The Company shall establish a culture of performance-driven remuneration through the implementation of the Performance Incentive System.

3.7**Affordability and Sustainability:** The Company shall ensure that remuneration is affordable on a sustainable basis.

3.8 Compensation components are aligned effectively with prudent risk taking to ensure that compensation is adjusted for all types of risk taking;

3.9 Compensation outcomes are symmetric with risk outcomes;

3.10 Specifically for Executive Directors, KMPs and SMPs: Compensation pay-outs are sensitive to the Time Horizon of the Risk. The mix of cash, equity and other forms of compensation will be consistent with risk alignment.

4. Terms of Reference and Role of the Committee

4.1 The Terms of Reference and Role of the Committee as set by the Board of Directors are as under:

4.1.1 Evaluate the current composition and organization of the Board and its committees in light of requirements established by any Regulatory Body or any other applicable statute, rules or regulation which the Committee deems relevant and to make recommendations to the Board with respect to the appointment, re-appointment and resignation of Independent, Executive and Non-Executive Directors of the Company;

4.1.2 Review the composition and size of the Board in order to ensure that the Board is comprised of members reflecting the proper expertise, skills, attributes and personal and professional backgrounds for service as a Director of the Company, as determined by the Committee;

4.1.3 Review and recommend to the Board an appropriate course of action upon the resignation of current Board members, or any planned expansion of the Board, and review the qualifications, experience and fitness for service on the Board of any potential new members of the Board;

4.1.4 Review all stockholder proposals submitted to the Company (including any proposal relating to the nomination of a member of the Board) and the timeliness of the submission thereof and recommend to the Board appropriate action on each such proposal;

4.1.5 Ensure “fit and proper” status of existing/proposed Directors and that there is no conflict of interest in the appointment of Directors on the Board of the Company in accordance with RBI Circular on Corporate Governance, issued from time to time;

4.1.6 Formulate, administer and supervise the Company’s Stock Option schemes, if any, in accordance with relevant laws;

4.1.7 Ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;

4.1.8 Ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

4.1.9 Ensure that remuneration to Directors, Key Managerial Personnel (KMPs) and senior management 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;

4.1.10 Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel (KMPs) and other employees of the Company;

4.1.11 For appointment of an independent director, the Nomination and Remuneration Committee shall evaluate balance of skills, knowledge, and experience on the board and on the basis of such evaluation, prepare a description of role and capabilities required of an independent director 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.

4.1.12 Formulate the criteria for evaluation of Independent Directors and the Board;

4.1.13 Devise a policy on Board diversity;

4.1.14 Identify the persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;

4.1.15 Specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Committee or by an independent external agency and review its implementation and compliance;

4.1.16 Recommend to the Board of Directors of the Company, all remuneration, in whatever form, payable to the senior management;

4.1.17 Deal with such matters as may be referred to by the Board of Directors from time to time;

4.1.18 To Identify 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.

4.1.19 The NRC may work in close coordination with Risk Management Committee (RMC) of the company to achieve effective alignment between compensation and risks. Further, the NRC may ensure that compensation levels are supported by the need to retain earnings of the company and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Process (ICAAP).

4.2 The Committee shall:

4.2.1 Review the ongoing appropriateness and relevance of the Policy;

4.2.2 Ensure that all provisions regarding disclosure of remuneration, including pensions, leave encashment, gratuity, etc. are fulfilled;

4.2.3 Obtain reliable, up-to-date information about remuneration in other companies;

4.2.4 Ensure that no director or executive is involved in any decisions as to their own remuneration.

4.3 Without prejudice to the generality of the terms of reference as set out above, the Committee shall:

4.3.1 Operate the Company's share option schemes (if any) or other incentives schemes (if any) as they apply to. It shall recommend to the Board the total aggregate amount of any grants to the Executives including individual limit and make amendments to the terms of such schemes, as the case may be;

4.3.2 Liaise with the trustee / custodian of any employee share scheme, which is created by the Company for the benefit of employees or Directors.

4.3.3 Review the terms of Executives service contracts from time to time.

5. Procedure for selection and appointment of the Board Members

5.1 Board membership criteria:

5.1.1 The Committee, along with the Board, shall review on an annual basis, appropriate skills, characteristics and experience required of a Board Member. The objective is to have a Board with diverse background and experience in business, government, academics, technology and in areas that are relevant for the Company's global operations.

5.1.2 In evaluating the suitability of individual Board members, the Committee shall take into account many factors, including general understanding of the Company's business dynamics, global business and social perspective, educational and professional background and personal achievements. Directors must possess experience at policy-making and operational levels in large organizations with significant international activities that will indicate their ability to make meaningful contributions to the Board's discussion and decision making in the array of complex issues facing the Company.

5.1.3 Director should possess the highest personal and professional ethics, integrity and values. They should be able to balance the legitimate interest and concerns of all the Company's stakeholders in arriving at decisions, rather than advancing the interests of a particular constituency.

5.1.4 In addition, Directors must be willing to devote sufficient time and energy in carrying out their duties and responsibilities effectively. They must have the aptitude to critically evaluate management's working as part of a team in an environment of collegiality and trust.

5.1.5 The Committee shall evaluate each Director with the objective of having a group that best enables the success of the Company's business.

5.2 Selection of Board Members/ extending invitation to a potential director to join the Board:

5.2.1 One of the roles of the Committee is to periodically identify competency gaps in the Board, evaluate potential candidates as per the criteria laid above, ascertain their availability and make suitable recommendations to the Board. The objective is to ensure that the Company's Board is appropriate at all points of time to be able to take decisions commensurate with the size and scale of operations of the Company. The Committee also identifies suitable candidates in the event of a vacancy being created on the Board on account of retirement, resignation or demise of an existing Board member. Based on the recommendations of the Committee, the Board evaluates the candidate(s) and decides on the selection of the appropriate member.

5.2.2 The Board then shall make an invitation (verbal / written) to the new member to join the Board as a Director. On acceptance of the same, the new Director may be appointed by the Board.

6. Procedure for selection and nomination of KMP and SMPs

The Chairman and the Managing Director (MD) along with the Head of Human Resource (HR) Department, identify and appoint suitable candidates for appointing them as KMPs (excluding Executive Directors) or SMPs of the Company on the basis of their academic, professional

qualifications, relevant work experience, skill and other capabilities suitable to the position of concerning KMP or SMP.

Further, in case of KMP (excluding Executive Director) appointment, approval of the Board of Directors / concerned Committee shall be taken in accordance with provisions of relevant Act, statutes, regulations etc. existing as on that date. The appointment and/or removal of KMPs shall be placed before the NRC and / or Board of Directors at regular intervals.

Further, in case of appointment of SMPs (excluding KMPs), the appointment and all remuneration, in whatever form as approved by the MD and Head of the HR Department shall be placed before the NRC at regular intervals.

7. Compensation Structure

7.1 Remuneration to Non-Executive Directors:

The Non-executive Directors of the Company will be paid remuneration by way of fees only for attending the meetings of the Board of Directors and its Committees. The fees paid to the Non-executive Directors for attending meetings of Board of Directors shall be such as may be determined by the Board within the limit prescribed under the Companies Act, 2013 which is currently Rs. 100,000/- per meeting i.e. Board or Committee. Beside the sitting fees, they are also entitled to reimbursement of expenses and payment of commission on net profits.

The fees of the Non-executive Directors for attending meetings of Board of Directors and the Committees thereof may be modified from time to time only with the approval of the Board in due compliance of the provisions of Companies Act, 2013 and amended from time to time.

An Independent Director shall not be entitled to any stock option and may receive remuneration only by way of fees and reimbursement of expenses for participation in meetings of the Board or Committee thereof and profit related commission, as may be permissible by the Applicable law.

If any such director draws or receives, directly or indirectly, by way of fee/remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, under the Applicable law such remuneration shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company.

7.2 Remuneration to Executive Directors, KMPs & SMPs

The Company has a credible and transparent framework in determining and accounting for the remuneration of the Managing Director / Whole Time Directors (MD/WTDs), KMPs and SMPs. Their remuneration shall be governed by the external competitive environment, track record, potential, individual performance and performance of the company as well as industry standards. The remuneration determined for MD/WTDs shall be approved by the Board of Directors at a meeting which shall be subject to the approval of members at the next general meeting of the Company and by the Central Government in case such appointment is at variance to the conditions specified in Schedule V of the Companies Act, 2013. As a policy, the Executive Directors are not paid any fees for attending the Board and/or Committee meetings.

If any Director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, under the Applicable law, such remuneration shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company.

A Director who is in receipt of any commission from the Company and who is a managing or whole-time director of the Company may receive any remuneration or commission from any holding or subsidiary company of the Company, subject to its disclosure by the Company in the Board's report.

The remuneration (including revision) of KMPs (excluding Executive Directors) and SMPs on the recommendation of the Committee, shall be determined by Chairman along with the MD and Head of Human Resource (HR) Department after taking into consideration the academic, professional qualifications, work experience, skill, other capabilities and industry standards.

Further, the remuneration (including revision) of KMPs (excluding Executive Directors) shall also be subject to approval of the Board of Directors/concerned Committees, if stipulated by any Act, statute, regulations etc.

7.3 Other Employees: The remuneration including revision in remuneration of other employees shall be decided by the Human Resources Department within the overall framework of compensation and appraisal policy of the Company

3.11.Components of remuneration – In compliance of RBI circular dated RBI/2022-23/36 DOR.GOV.REC.No.29/18.10.002/2022-23 on April 29, 2022, the remuneration structure shall broadly comprise of the following components:

- a) Fixed Pay
- b) Variable Pay

A.1) Components of Fixed Pay

The Fixed Pay of the Company should typically consist of elements like basic salary, allowances, perquisites/benefits, contribution towards superannuation/ etc.

In addition to the various cash components (salary, allowances etc.) the Company can also offer certain reimbursable perquisites with monetary ceiling and certain non-monetary perquisites. The perquisites extended would be in the nature of but not limited to Company Car, Company leased accommodation, Club Memberships and such other benefits or allowances in lieu of such perquisites/benefits.

B.1) Components of Variable Pay

Variable pay shall comprise of Share linked instruments (ESOS) and cash in the form of bonus or incentives

Variable pay shall be in the form of “pay at risk”. Depending on performance and risk outcomes at individual, business units and company-wide level, the variable pay shall be truly variable and can even be reduced to zero.

7.3 Deferral of variable pay

Of the total variable pay, certain portion as may be decided by the Nomination and Remuneration Committee and Board, shall be deferred to the time horizon of the risk. The portion of deferral

arrangement may be made applicable for both cash and non-cash components of the variable pay. Deferral period for such an arrangement may be decided by the Board of the Company.

7.3 Guaranteed Bonus

Guaranteed bonus may not be paid to KMPs and senior management. However, in the context of new hiring joining/sign-on bonus could be considered. Such bonus will neither be considered part of fixed pay nor of variable pay.

7.4 Malus / Clawback Arrangement

The deferred compensation may be subject to malus/clawback arrangements in the event of subdued or negative financial performance of the Company and/or the relevant line of business or employee misconduct in any year.

The deferred variable compensation in a year shall be subject to:

Malus arrangement wherein in case of subdued or negative financial performance arising not on account of gross negligence or misconduct of the KMP, the Company may withhold cash incentives/bonus or vesting of ESOS and may lapse unvested ESOS in accordance with the ESOS rules.

Clawback arrangement wherein in case of gross negligence or misconduct or cause as defined in the Company's code of conduct, the KMP and/or SMP shall be liable to return previously paid or vested deferred variable compensation.

NRC may invoke Malus or Clawback clause with respect to the KMPs and SMPs in the following illustrative scenarios:

- i) Gross negligence
- ii) Reckless, or willful actions or exhibited inappropriate values and behavior. Errors of judgment shall not be construed to be breaches under this note
- iii) Material Misstatement of the company's results
- iv) Fraud that requires financial restatements
- v) Reputational harms
- vi) Exercise his/her responsibilities in a mala fide manner
- vii) Significant deterioration of financial health of the Company
- viii) Exposing Company to substantial Risk
- ix) Any other situation where the Board and the Nomination & Remuneration Committee deems invoking Malus and/or Clawback provision is necessary and justified

The time horizon for the applicable of malus/clawback clause shall be three years or the deferral period or the Retention Period of the variable compensation, whichever is higher, from the date of reward.

Once Nomination and Remuneration Committee decides to invoke Malus and/or Clawback clause, it will have power to take any of the following action basis the nature and severity of trigger.

In case of Malus Clause:

- Cancel the vesting of up to 100% of the deferred cash or share linked component due for vesting in that particular year.
- Cancel the vesting for up to 100% of entire unvested deferred cash or share linked component including vesting remaining in future years

In case of Clawback Clause:

- Recovery of up to 100% of compensation received in the form of cash component of deferred variable pay paid over the applicable period
- Recovery of up to 100% of benefit accrued to the employee on account of exercise of stock options or through any other share linked instrument granted during the applicable period
- Forfeiture of up to 100% of vested but unexercised stock options or any other share linked instrument granted during the applicable period.

The terms of appointment of KMPs and Senior Management of the Company shall be suitably amended to contain suitable clause on malus/clawback.

8. Powers of the Committee and Meetings of the Committee

The Committee shall have inter-alia the following powers:

8.1 Conduct studies or authorise studies of issues within the scope of the Committee with full access to all books, records, facilities and personnel of the Company;

8.2 Retain or seek advice of consultants and experts for performance of their role under this Policy and the costs relating thereto shall be borne by the Company;

8.3 Delegate its powers to any Member of the Committee or any KMP of the Company or form sub-committees to perform any of its functions or role under this Policy.

The Committee shall meet as per the requirements of law or at such larger frequency as may be required. .

9. Approval and publication

9.1 This Policy as framed by the Committee shall be recommended to the Board of Directors for its approval.

9.2 The policy shall be placed on the website of the Company.

9.3 The Policy along with the web address of the same shall form part of Director's Report as required under Section 178(4) of the Companies Act, 2013.

10. Supplementary provisions

10.1 This Policy shall formally be implemented from the date on which it is adopted by the Board of Directors.

10.2 Any matters not provided for in this Policy shall be handled in accordance with relevant laws and regulations, the Company's Articles of Association.

10.3 The right to interpret this Policy vests in the Board of Directors of the Company.

Amendment

The Nomination & Remuneration Committee shall monitor and periodically review the Policy and recommend the necessary changes to the Board for its approval.

The Chief Financial Officer or Company Secretary authorised to amend the Policy to give effect to any changes/amendments notified by Ministry of Corporate Affairs or the Securities and Exchange Board of India. The amended Policy shall be placed before the NRC and the Board for noting and ratification.

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

This Policy has been reviewed and approved by the Board of Directors of the Company at its meeting held on 14.02.2025.

Date: 14.02.2025

Place: Kolkata