

KANANI INDUSTRIES LIMITED

Policy on Directors' Appointment and Remuneration

The Company follows a policy on remuneration of Directors and Senior Management Employees.

Non-Executive Directors:

- **Criteria of selection of Non-Executive Directors**

- a) The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of finance, taxation, law, governance and general management.
- b) In case of appointment of Independent Directors, the Nomination and Remuneration Committee (N&R) shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
- c) The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- d) The N&R Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.
 - i. Qualification, expertise and experience of the Directors in their respective fields;
 - ii. Personal, Professional or business standing;
 - iii. Diversity of the Board.
- e) In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

- **Remuneration of Non-Executive Directors**

Non-Executive Directors shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him /them, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Executive Director:

- **Criteria of selection of Managing Director and Whole Time Director(s)**

For the purpose of selection of the Managing Director and Whole Time Director(s), the N&R Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board.

The Committee will also ensure that the incumbent fulfils such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

- **Remuneration of Managing Director and Whole Time Director(s)**

i. At the time of appointment or re-appointment of Managing Director and Whole Time Director(s), the Managing Director and Whole Time Director(s) shall be paid such remuneration as may be decided by N&R Committee and the Board of Directors within the overall limits prescribed under the Companies Act, 2013.

ii. The remuneration shall be subject to the approval of the Members of the Company in General Meeting.

iii. The remuneration of the Managing Director and Whole Time Director(s) is broadly divided into fixed and variable components. The fixed component

comprises salary, allowances, perquisites, amenities and retiral benefits. The variable component comprises performance bonus. In determining the remuneration (including the fixed increment and performance bonus) the N&R Committee shall ensure / consider the following:

- a. the relationship of remuneration and performance benchmark is clear;
- b. balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- c. responsibility required to be shouldered by the Managing Director and Whole Time Directors,
- d. industry benchmarks and the current trends the Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs / KPIs.

- **Remuneration of Senior Management Employees**

In determining the remuneration of Senior Management Employees i.e. KMPs, the N&R Committee shall ensure / consider the following:

- a. the relationship of remuneration and performance benchmark is clear;
- b. the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- c. the remuneration is divided into two components viz. fixed component and variable component. The fixed component comprises salaries, perquisites and retirement benefits and variable component comprises performance bonus;
- d. the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individual's performance vis-à-vis KRAs / KPIs, industry benchmark and current compensation trends in the market.