KHEMANI

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KHEMANI DISTRIBUTORS & MARKETING LIMITED

NOMINATION AND REMUNERATION POLICY

[Pursuant to Companies Act, 2013]

KHEMANI

1. INTRODUCTION

This Nomination and Remuneration Policy ("Policy") is formulated pursuant to the provisions of Section 178 of the Companies Act, 2013, as applicable.

This policy sets the framework for appointment, removal, and remuneration of Directors, Key Managerial Personnel (KMP), and other employees of the Company.

2. OBJECTIVE

The objective of this Policy is

1) To guide the Board on matters relating to the appointment and removal of Directors, Key Managerial Personnel (KMP), and Senior Management.

2) To evaluate the performance of the members of the Board and submit a report to the Board for further review and assessment.

3) To recommend to the Board the remuneration payable to Directors, KMP, and Senior Management.

4) To design a reward system for KMP and Senior Management that is directly linked to their effort, performance, dedication, and achievements in relation to the Company's operations.

5) To retain, motivate, and promote talent, ensuring the long-term sustainability of key managerial personnel and creating a competitive advantage for the Company.

6) To attract highly competent human resources essential for sustaining and growing the Company's business.

7) To ensure the Company's remuneration policy is based on the following guiding principles:

- ✓ The level and composition of remuneration shall be reasonable and sufficient to attract, retain, and motivate Directors of the quality required to lead the Company successfully;
- ✓ Remuneration shall be linked to performance and aligned with appropriate performance benchmarks;

- ✓ Remuneration packages for Directors, KMP, and Senior Management shall maintain a balanced structure between fixed and variable (incentive-based) pay, aligned with both short-term and long-term performance objectives and the Company's overall goals.

3. ROLE OF THE COMMITTEE

- ✓ Formulate the criteria for determining qualifications, positive attributes, and independence of a Director.
- ✓ Establish the criteria for evaluating the performance of Independent Directors and the overall Board of Directors.
- ✓ Identify individuals who are qualified to become Directors and who may be appointed to Key Managerial Personnel (KMP) and Senior Management positions, in accordance with the criteria laid down, and recommend their appointment and removal to the Board.
- ✓ Recommend the extension or continuation of the term of appointment of Independent Directors, based on the outcome of their performance evaluation.
- ✓ Recommend to the Board the remuneration, in any form, payable to Senior Management.

4. APPOINTMENT AND REMOVAL

5.1 Appointment Criteria:

The Committee shall consider the following for appointment:

- ✓ Ethical standards, integrity, and independence.
- ✓ Qualification and experience relevant to the position.
- ✓ Diversity of background, including industry experience and financial literacy.
- ✓ Adherence to the criteria of independence under applicable laws (for Independent Directors).

5.2 Term/ Tenure:

Managing Director / Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director, or Executive Director for a term not exceeding the period prescribed under the Companies Act, 2013. Re-appointment shall not be made earlier than one year before the expiry of the current term and shall be subject to the approval of the shareholders, based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors.

Independent Director:

An Independent Director shall hold office for a term of up to five consecutive years and shall be eligible for appointment, re-appointment, or removal by way of a special resolution passed by the shareholders. Disclosure of such appointment shall be made in the Board's Report.

No Independent Director shall hold office for more than two consecutive terms. However, such a Director shall be eligible for reappointment after a cooling-off period of three years from the date of cessation.
During the said three-year period, the individual shall not be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of any Director, it shall be ensured that the number of Boards on which such individual serves is in accordance with applicable regulations. Specifically:

A person shall not serve as a Director (including Independent Director) in more than seven listed companies.

If a person is serving as a Whole-time Director in any listed company, they shall not serve as an Independent Director in more than three listed companies.

Or such other limits as may be prescribed under applicable laws from time to time.

- ✓ The Company shall appoint or re-appoint any person as a Managing Director or Whole-time Director not exceeding five years at a time.
- ✓ Independent Directors shall be appointed for a term of up to five years, eligible for reappointment subject to applicable provisions.

5.3 Removal:

The Committee may recommend the removal of a Director, KMP, or Senior Management for reasons such as misconduct, non-performance, or violation of policies, subject to provisions of the Act and applicable regulations.

5. POLICY FOR REMUNERATION

6.1 General Principles:

- ✓ The remuneration policy reflects the performance orientation and fairness to all stakeholders.
- ✓ Remuneration shall be based on Company's performance, individual performance, and comparable industry benchmarks.
- ✓ It shall ensure long-term sustainability and alignment with the Company's vision.

6.2 Remuneration to Executive Directors and KMPs:

- ✓ Fixed Pay: Based on experience, role, and responsibilities.
- ✓ Variable Pay: Linked to key performance indicators and overall performance of the Company.
- ✓ Perquisites: Including but not limited to housing, car, medical, insurance, leave travel, etc.

7.3 Remuneration to Non-Executive/Independent Directors:

- ✓ Sitting fees may be paid for attending Board and Committee meetings, as may be decided by board from time to time.

7.4 Remuneration to Senior Management and Other Employees:

- ✓ Salary structure based on role, responsibility, market competitiveness, and performance.
- ✓ Periodic review of compensation in accordance with appraisal outcomes and market trends.

6. PERFORMANCE EVALUATION

The Committee shall conduct the performance evaluation of every Director, Key Managerial Personnel (KMP), Senior Management Personnel, and other employees at regular intervals, and at least on an annual basis. The performance evaluation of KMPs, Senior Management Personnel, and other employees shall be undertaken by their respective Reporting Executives and Functional Heads.

The Committee shall carry out evaluation of performance of every Director, Board, and its Committees annually, considering:

- ✓ Participation and contribution.
- ✓ Strategic guidance and governance.
- ✓ Independence and commitment.
- ✓ Compliance and risk management.

The performance evaluation of Independent Directors shall be carried out by the entire Board of Directors, excluding the Independent Director being evaluated.

7. BOARD DIVERSITY

The Committee shall ensure that the Board comprises a mix of directors from different backgrounds, gender, experience, and perspectives, in line with the Company's commitment to diversity.

8. AMENDMENTS AND UPDATES

This Policy may be reviewed and amended by the Board from time to time, as deemed necessary or in line with applicable laws, regulations, or guidelines. In case of any regulatory changes inconsistent with this Policy, the provisions of such regulatory updates shall prevail.

#This policy was reviewed and approved by Board of directors in their meeting held on 21/05/2025#