

CRITERIA FOR SELECTION AND
REMUNERATION POLICY

KEERTHI INDUSTRIES LIMITED

CRITERIA FOR SELECTION AND REMUNERATION - Keerthi

A. POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

The Remuneration and Nomination Committee has adopted a Charter which, inter-alia, deals with the manner of selection of Board of Directors and Managing Director and their remuneration. This Policy is accordingly derived from the said Charter.

I.

1) CRITERIA OF SELECTION OF NON EXECUTIVE DIRECTORS

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 manufacturing, marketing, finance, taxation, law, governance and general management.

In case of appointment of Independent Directors, the Remuneration and Nomination Committee 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.

The Remuneration and Nomination 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.

The Remuneration and Nomination Committee shall consider the following attributes / criteria, while 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.

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.

2) CRITERIA FOR MAKING PAYMENT TO NON- EXECUTIVE DIRECTORS

Levels of remuneration to Directors are determined such that they attract, motivate and retain Directors of quality and ability to run the company successfully. With changes in the Corporate Governance norms, the role of Non-Executive Directors (NED) and the degree and quality of their engagement with the Board and the Company has undergone significant changes over a period of time. This is also accentuated by the Companies Act, 2013 and the recent changes to the Listing Regulation. Further, in order to be consistent with globally accepted governance practices, the Company has ushered in flexibility in respect of payment of remuneration to NEDs. It has linked the remuneration paid to NEDs to their attendance at the meetings of the Board or Committees thereof, Pursuant to the provisions of Schedule V (C) (5) (b) of the Listing Regulation (erstwhile Clause 49(IV) (E) (iii) of the Listing Agreement) with BSE, following are the criteria of making payments to Non-Executive Directors.

CRITERIA FOR SELECTION AND REMUNERATION - Keerthi

- **Sitting Fee:**

Such Director(s) shall receive remuneration by way of Sitting fee for attending meetings of the Board or Committee thereof or any other meeting as required by Companies Act, 2013, Listing Regulation or other applicable law or for any other purpose whatsoever as may be decided by the Board;

- **Reimbursement of actual expenses incurred:**

NEDs may also be paid / reimbursed such sums either as fixed allowance and /or actuals for travel, incidental and / or actual out of pocket expenses incurred by such Director / Member for attending Board / Committee Meetings.

- **Payment to Independent Directors:**

An Independent Director shall not be entitled to any stock option and may receive remuneration only by way of Sitting fees and reimbursement of expenses for participation in meetings of the Board or committee thereof.

The above criteria and policy are subject to review by the Nomination & Remuneration Committee and the Board of Directors of the Company.

II.

1) CRITERIA OF SELECTION OF Managing Director (MD) and Whole-time Director (WTD)

For the purpose of selection of the MD & WTD, the 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 fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

2) CRITERIA FOR REMUNERATION OF MANAGING DIRECTOR (MD) AND WHOLE-TIME DIRECTOR (WTD)

At the time of appointment or re-appointment, the MD & WTD, shall be paid such remuneration as may be mutually agreed between the Company (which includes the Remuneration & Nomination committee and the Board of Directors) and the MD & WTD within the overall limits prescribed under the Companies Act, 2013.

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

The remuneration of the MD & WTD comprises of fixed component. The fixed component comprises salary, allowances, perquisites, amenities, commission (as a fixed percentage of Profit) and retiral benefits.

CRITERIA FOR SELECTION AND REMUNERATION - Keerthi

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

III. REMUNERATION FOR THE SENIOR MANAGEMENT EMPLOYEES (I.E. KMPs)

In determining the remuneration of the Senior Management Employees (i.e. KMPs) the Committee shall consider the financial position of the company and ensure the relationship of remuneration and performance benchmark is clear. The Company aspires to pay performance linked remuneration to its directors, KMPs and other employees, for this reason, based on the forestated criteria of evaluation of performance of directors (IDs as well as Non-IDs), Company Secretary and other employees, their remuneration shall be determined and reviewed from time to time.

B. REVIEW

Subject to the approval of the Board of Directors, the “Nomination & Remuneration Committee” reserves it right to review and amend this policy, if required, to ascertain its appropriateness as per the needs of the Company. The Policy may be amended by passing a resolution at the meeting of the Nomination and Remuneration committee.

C. DISCLOSURE

In accordance with the requirements of the Act and the Listing Regulation disclosure regarding the criteria of selection and remuneration of Board members and senior management personnels will be disclosed in the Board Report.

The Policy shall be made available in the Company’s official website: www.keerthiindustries.com and the key features shall also be included in the corporate governance section of the Annual Report of the Company.