



**K.S. Oils Limited**

## **Nomination & Remuneration Policy**

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## **1. BACKGROUND**

KSOILS believes in conducting its affairs in a fair and transparent manner by adopting high standards of professionalism, honesty, integrity, ethical behaviour and complete compliance of laws, as applicable to the Company

## **2. SCOPE & PURPOSE**

This Policy is primarily framed based on Section 178(3) of the Companies Act, 2013 (the “**Act**”) and Regulation 19 read with Part D of the Schedule II to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “**Listing Regulations**”) which stipulates that the Nomination & Remuneration Committee (“NRC”) 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 (“**KMP**”) and other employees.

The Remuneration Policy of the Company is designed to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and superannuation benefits.

This Policy on the appointment and remuneration of Directors including Independent Directors, Key Managerial Personnel (KMP), Senior Management and other employees provides a referendum based on which the Human Resource Management Team plans and strategies their recruitment plans for the strategic growth of the Company.

The Policy has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company

This Remuneration Policy applies to directors, senior management personnel (SMPs) including its Key Managerial Personnel (KMPs) and other employees of the Company.

## **3. OBJECTIVE**

The objective of the Policy are as follows:

- a) 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;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to directors, key managerial personnel 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.
- d) Ensure consistency in remuneration and benefits throughout the Company;
- e) Development and retaining of talent.



#### **4. DEFINITIONS:**

**“Act”** means the Companies Act, 2013 read with rules made thereunder as mended from time to time.

**“Nomination & Remuneration Committee or Committee (NRC)”** means committee of the Board constituted from time to time under the provisions of Regulation 19 of the Listing Regulations and Section 178 of the Act.

**“Board”** means board of directors as defined under the Act, as constituted from time to time.

**“Company”** shall mean K.S. Oils Limited.

**“Directors”** means directors of the Company.

**“Independent Director”** means a Director referred to in Section 149(6) of the Act read with rules made thereunder and Regulation 16(1)(b) of the Listing Regulations, as amended from time to time.

**“Key Managerial Personnel”** means key managerial personnel as defined under Section 2(51) of the Act and includes –

- (i) the chief executive officer or the managing director or the manager;
- (ii) the company secretary;
- (iii) the whole-time director;
- (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, from time to time.

**“Listing Regulations”** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modifications or re-enactments thereof for the time being in force.

**“Managing Director”** as defined under Section 2(54) of the Act and means a director who, by virtue of the articles of a Company or an agreement with the Company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the Company and includes a director occupying the position of managing director, by whatever name called.

**“Policy”** shall mean the Remuneration Policy.

**“Senior Management”** Shall mean the officers and personnel of the listed entity 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 persons identified and designated as key managerial personnel, other than the board of directors, by the listed entity



The core management team includes Chief Executive Officer, Managing Director, Whole-time Director, Presidents, Head-HRD, Chief Financial Officer and Company Secretary.

**"Whole-Time Director"** includes a director in the whole-time employment of the Company as defined under Section 2(94) of the Act.

## **5. INTERPRETATION:**

Words and expressions used in this Policy shall have the same meanings respectively assigned to them in the following Acts, Rules and Regulations:

- i. The Companies Act, 2013 or the Rules framed thereunder;
- ii. The Securities & Exchange Board of India (Listing Obligations & Disclosure Requirement) regulations, 2015.
- iii. Indian Accounting Standards, as amended from time to time.

## **6. CONSTITUTION OF NOMINATION AND REMUNERATION COMMITTEE:**

In line with the requirements of the Act and Listing Regulations, the Board of Directors has constituted the "Nomination and Remuneration Committee".

The Committee shall at all times (unless stipulated otherwise by law) have at least 3 non- executive directors, out of which two third shall be independent directors. The Chairperson of the nomination and remuneration committee shall be an independent director. If the chairperson of the Company is appointed as a member of the Committee, he shall not chair such Committee.

The nomination and remuneration committee shall meet at least once in a financial year.

The Board has authority to reconstitute this Committee from time to time. Presently, the Nomination and Remuneration Committee comprises of following Members:

<b>Sr. No.</b>	<b>Name</b>	<b>Category</b>
<b>1</b>	<b>Ms. Deepa Singhal</b>	Chairman (Non – Executive Independent Director)
<b>2</b>	<b>Ms. Latha Venkatesh</b>	Member (Non – Executive Independent Director)
<b>3</b>	<b>Mr. Balveermaul Kewalmal Singhvi</b>	Member (Non – Executive Independent Director)

## **7. ROLE OF NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee shall endeavour to perform its role as prescribed u/s 178(4) of the Act and Regulation 19 of Listing Regulations read with Para A of Part D of Schedule II of the Listing Regulations which is summarized hereunder:

- formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- 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. uses the services of an external agencies, if required;
- b. considers candidates from a wide range of backgrounds, having due regard to diversity; and
- c. considers the time commitments of the candidates.

- formulation of criteria for evaluation of performance of independent directors and the board of directors;
- devising a policy on diversity of board of directors;
- identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
- 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;
- recommend to the board, all remuneration, in whatever form, payable to senior management;
- 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 Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

In formulation of the Policy as enumerated above, the Nomination and Remuneration Committee shall ensure to take into account the following principles:

- Decision on any change in remuneration and terms and conditions of employment of whole time directors and key management personnel of the Company;
- Identification of the Executive or Non-Executive Directors to become directors;
- Evaluation of every Directors performance in yearly basis;
- Determining and evaluate the educational qualifications, positive attributes and independence of the Director for the appointment of Independent Directors;
- Formulate the policy relating to the remuneration for the directors and motivate directors for the quality required to run the company successfully;
- Recommend remuneration for Non-Executive directors to the members, if any;
- Recommend retirement benefits to be paid to managing or whole time directors
- Determine the terms of any compensation package in the event of early termination of the contract of any executive director;
- Where necessary for fulfilling its duties, to obtain any outside legal or other professional advice; and
- Delegate any of its power, if required, to one or more members.

## **8. PART – A: MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION & REMUNERATION COMMITTEE (“NRC”)**

**The following matters shall be dealt with by the Committee: -**

**(a) Size and composition of the Board:**

Periodically reviewing the size and composition of the Board to have an appropriate mix of executive and independent Directors to maintain its independence and separate its functions of governance and management and to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company;

**(b) Directors:**

Formulate the criteria determining qualifications, positive attributes and independence of a director and recommend candidates to the Board when circumstances warrant the appointment of a new Director, having regard to qualifications, integrity, expertise and experience for the position.

**(c) Succession plans:**

Establishing and reviewing Board, KMP and Senior Management 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 or engage with a third-party facilitator in doing so.
- Identify ongoing training and education programs for the Board to ensure that Non-Executive Directors are provided with adequate information regarding the business, the industry and their legal responsibilities and duties.

**(e) Board diversity:**

The Committee is to assist the Board in ensuring the Board nomination process is in line with the diversity policy of the Board relating to gender, thought, experience, knowledge and perspectives.

**(f) Remuneration framework and policies:**

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

- a) Remuneration of executive directors to be presented for shareholders' approval including severance, if any.
- b) Individual and total remuneration of non-executive directors and the chairperson (if non-executive), including any additional fees payable for membership of Board committees;
- c) the remuneration and remuneration policies for KMP and Senior Management including base pay, incentive payments, equity awards, retirement rights, severance pay, if any and service contracts having regard to the need to:
  - (i) attract and motivate talent to pursue the Company's long-term growth;
  - (ii) demonstrate a clear relationship between executive compensation and performance;
  - (iii) be reasonable and fair, having regard to best governance practices and legal requirements and
  - (iv) balance between fixed and incentive pay reflecting short and long-term performance objectives as appropriate for the Company and its goals.

**9. PART – B: POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTORS, KMP AND SENIOR MANAGEMENT:**

**(a) Appointment criteria and qualifications:**

- a. The Committee shall ascertain the integrity, qualification, expertise and experience of the person identified for appointment as Director, KMP or Senior Management and recommend to the Board his/her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
- b. A person to be appointed as Director, KMP or Senior Management should possess adequate qualification, expertise and experience for the position he / she is considered for.
- c. A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise and insights in sectors / areas relevant to the Company, ability to contribute to the Company's growth and complementary skills in relation to the other Board members.
- d. For every appointment of an independent director, the NRC 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 for such role shall meet the description.
- e. For the purpose of identifying suitable candidates, the Committee may;
  - i. use the services of an external agencies, if required
  - ii. consider candidates from a wide range of backgrounds, having due regard to diversity and
  - iii. consider the time commitments of the candidates
- f. 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 and shall not continue or appoint non-executive or independent director who has attained the age of seventy-five 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/seventy-five 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/seventy-five years as the case may be.*

- g. 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.
- h. The Company shall not appoint any resigning independent director, as whole-time director, unless a period of one year has elapsed from the date of resignation as an independent director.

**(b) Term / Tenure:**

**1. Managing Director / Whole-time Director:**

The Company shall appoint or re-appoint any person as its Managing Director and CEO or 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 in the manner as specified under the Act and the Listing Regulations.

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 applicable regulations in force.

### **(c) Removal**

Due to reasons for any disqualification mentioned in the Act, 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, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

### **(d) Retirement:**

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

## **10. PART – C: POLICY RELATING TO THE REMUNERATION FOR DIRECTORS, KMP AND SENIOR MANAGEMENT:**

### **a) General:**

- a. The remuneration / compensation / commission etc. to be paid to Directors will be determined by the Committee and recommended to the Board for approval.
- b. The remuneration and commission to be paid to the Managing Director/Whole-time Director shall be in accordance with the provisions of the Act, and the rules made thereunder.
- c. 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/ Whole-time Director.

### **b) Remuneration to KMP and Senior Management:**

The Board of Directors, in consultation with the Managing Director/ HR Head of the Company, shall specify and list down the employees to be considered as “senior management”, without diluting the categories defined herein above, on an annual basis, and the remuneration of such employees shall be subject to recommendation of NRC and approval of the Board of Directors of the Company.



The remuneration of Key Managerial Personnel, Senior Management Personnel of the Company (not being director) shall comprise of one or more of the following components which shall be decided by Company's Human Resources Department:

1. Fixed Pay
2. House Rent Allowance
3. Perquisites and Allowances
4. Re-imbursement Medical Expenses
5. Contribution to P.F.
6. Such other allowances, benefits and perquisites as may be decided.

The KMP and Senior Management Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the Company. Thereafter, the remuneration shall be determined within the appropriate grade and is based on an individual's experience, skill, competencies and knowledge relevant to the job and an individual's performance and potential contribution to the Company.

The decision on revision in remuneration and annual increments on remuneration of KMP and Senior Management Personnel shall be decided by the Chief Executive Officer and Senior Executive Director in consultation with Human Resources Department within the overall framework of compensation and appraisal policy of the Company.

**(c) Remuneration to other employees:**

The remuneration for other employees would be as per the appraisal and compensation policy of the Company, as revised through the annual review process from time to time and approved by the Chief Executive Officer & Senior Executive Director in consultation with the Head of Human Resources Department.

**(d) Minimum remuneration to Whole-time Directors/Managing Directors:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its whole-time directors in accordance with the provisions of Schedule V to the Act.

The Managing Director/ Whole Time Directors are entitled to customary non-monetary benefits such as company cars, furnished accommodation, health care benefits, leave travel, communication facilities, etc.

**(e) Remuneration to Non-Executive / Independent Directors:**

The Non- Executive Directors or the Independent Directors may receive remuneration by way of:

- Sitting fees for participation in the Board and other meetings
- Commission as approved by the Shareholders of the Company
- Reimbursement of expenses in connection with participation in the Board and other meetings.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its non-executive / independent directors in accordance with the provisions of Schedule V to the Act.

- i. Stock incentive: The independent directors shall not be entitled to any stock incentive of the Company.
- ii. 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 Act.

## **11. PREMIUM ON INSURANCE POLICY**

Where any insurance is taken by the Company on behalf of its non-executive directors, for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration.

Where any insurance is taken by the Company on behalf of its MD/ EDs, KMP and any other employees for indemnifying them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company, the premium paid on such insurance shall not be treated as part of the remuneration. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

## **12. LOAN TO KMP, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES OF THE COMPANY (EXCEPT DIRECTOR, WHICH IS GOVERNED BY SECTION 185 OF THE COMPANIES ACT, 2013)**

- The Company may consider the loan applications received from KMP, Senior Management personnel and other employees of the Company.
- The loan may be granted/ sanctioned for purchase of vehicle, house, and medical treatment of self and family dependent or to meet other personal expenditure.
- The loan may be given at a concessional rate of interest or interest free at the sole discretion of the Management.
- The amount of loan, repayment period and other relevant terms & conditions may be decided by the Management from time to time.

## **13. EVALUATION**

The NRC shall carry out evaluation of performance of all directors in every year. The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

While doing the evaluation of independent directors, not only their performance, but fulfilment of the continuing independence criteria by them, shall also be considered.

On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director(s).

Further, the independent directors of the Company shall hold at least one meeting in a financial year, without the attendance of the non-independent directors and the members of the management.

Such meeting shall:



- a) Review the performance of non-independent directors and the Board as a whole;
- b) Review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors.

#### **14. FREQUENCY OF BOARD EVALUATION**

Section 134(3)(p) of the Act provides that there has to be a formal annual evaluation of Board of its own performance and that of its committees and individual directors. The Company may undertake annual evaluation either in accordance with calendar year or financial year, as there is no clarity on this. Ideally, the same should be as per financial year.

#### **15. AMENDMENTS**

This Policy shall be reviewed by the NRC and recommended to the Board of Directors, as and when considered necessary as per statutory and business requirements of the Company. The Company reserves its rights to alter, modify, add, delete or amend any of the provisions of this Policy

#### **16. GENERAL**

##### **a) Review**

The Nomination & Remuneration Committee shall monitor and periodically review the Policy and recommend the necessary changes to the Board for its approval. The Head of Human Resources Department and the Company Secretary are jointly authorized 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 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

##### **b) Disclosure of the Policy**

This policy will be uploaded on the Company's website. The policy/main features of the Policy shall also be disclosed in Board Report, Annual Report and such other place as required by the Act and Rules framed thereunder and the Listing Regulations.

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