



## **KANONE TECHNOLOGIES LIMITED**

Name of Document	Nomination & Remuneration Policy
Approving Authority	Board of Directors of the Company
Version no.	1.0
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Review cycle	As recommended by the Board of Directors of the Company

## **NOMINATION & REMUNERATION POLICY**

### **INTRODUCTION**

The Nomination and Remuneration Policy adopted by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee in compliance with Section 178 of the Companies Act, 2013, read along with applicable rules thereto as amended from time to time.

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all directors, Key Managerial Personnel ("KMP"), and employees of the company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 ('Act') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), this Policy on nomination and remuneration of Directors, KMP and Senior Management has been formulated by Nomination and Remuneration Committee and approved by the Board of Directors ('Board') of the Company at its meeting held on July 01<sup>st</sup>, 2024.

### **APPLICABILITY**

This policy is applicable to:

- a. Directors (Executive, non-executive, and Independent)
- b. Key Managerial Personnel (KMP)
- c. Senior Management Personnel
- d. Other employees as may be decided by the Committees ("NRC")

### **OBJECTIVE**

The Committee and this Policy shall comply with Section 178 of the Act and applicable provisions of LODR amended from time to time. The objective of this Policy is to lay down a framework in relation to the remuneration of Directors, KMP, Senior Management personnel, and other employees. The key objectives of the Committee would be:

1. To lay down criteria for identifying persons who are qualified to become Directors and who may be appointed in Key Managerial and Senior Management positions and to recommend to the Board their appointment and removal.
2. To lay down criteria to evaluate every Director's /KMP/Senior Management Personnel and other employees' performance.
3. Formulation of criteria determining qualification, positive attributes and independence of a Director.
4. To recommend to the Board a policy, relating to the remuneration of directors, key managerial personnel, and other employees. While recommending such policy the Nomination and Remuneration Committee shall ensure:

- 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) The relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- c) Remuneration of 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) To formulate a Board Diversity Policy.
- e) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- f) To develop a succession plan for the Board and to regularly review the plan.
- g) To recommend to the Board, all remuneration, in whatever form, payable to senior management and KMPs.

### **BRIEF OVERVIEW UNDER COMPANIES ACT 2013**

{Section 178 & Companies [Meetings of Board and its Powers] Rules 2014}

- Constitution of the Nomination and Remuneration Committee consisting of three or more non- executive directors out of which not less than one-half shall be independent directors.
- The Nomination and Remuneration Committee shall identify 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 and shall carry out evaluation of every director's performance.
- 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 senior management personnel i.e. employees at one level below the Board including functional heads.
- The Nomination and Remuneration Committee shall, while formulating the policy ensure that: —
- -the level and composition of remuneration are reasonable and sufficient to attract, retain, and motivate directors of the quality required to run the company successfully;
- -a relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- -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.
- Such policy shall be disclosed in the Board's report.

## **TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE**

- Identify 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 their appointment and removal.
- 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.
- Removal should be strictly in terms of the applicable law/s and compliance with principles of natural justice.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Devising a policy on Board diversity.
- Recommend to the Board, remuneration including salary, perquisite, and commission to be paid to the Company's Executive Directors on an annual basis or as may be permissible by laws applicable.
- Recommend to the Board, the Sitting Fees payable for attending the meetings of the Board/Committee thereof, and, any other benefits such as Commission, if any, payable to the Non-Executive Directors.
- Setting the overall Remuneration Policy and other terms of employment of Directors, wherever required.
- Whether to extend or continue the term of appointment of the independent director, based on the report of performance evaluation of the independent directors.
- Recommend to the board, all remuneration, in whatever form, payable to senior management.

## **CRITERIA FOR DETERMINING THE FOLLOWING**

### **Qualifications for appointment of Directors (including Independent Directors)**

- Persons of eminence, standing, and knowledge with significant achievements in business, professions and/or public service.
- Their financial or business literacy/skills.
- Their industrial experience.
- Appropriate other qualifications/experience to meet the objectives of the Company.
- As per the applicable provisions of the Companies Act 2013, Rules made there under.

The Nomination and Remuneration Committee shall have the discretion to consider and fix any other criteria or norms for selection of the most suitable candidate/s.

### **Positive attributes of Directors (including Independent Directors)**

- Directors are to demonstrate integrity, credibility, trustworthiness, the ability to handle conflict constructively, and the willingness to address issues proactively.
- Actively update their knowledge and skills with the latest developments in the industry, market conditions, and applicable legal provisions.
- Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities.

- To assist in bringing an independent judgment to bear on the Board's deliberations, especially on issues of strategy, performance, risk management, resources, key appointments, and standards of conduct.
- Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.
- To act within their authority, and assist in protecting the legitimate interests of the Company, its shareholders, and employees.
- Independent Directors to meet the requirements of the Companies Act, 2013 read with the Rules made there under and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

#### **Criteria for appointment of KMP/Senior Management**

- To possess the required qualifications, experience, skills & expertise to effectively discharge their duties and responsibilities.
- To practice and encourage professionalism and a transparent working environment.
- To build teams and carry the team members along to achieve the goals/objectives and corporate mission.
- To adhere strictly to the code of conduct.

### **EVALUATION**

The Evaluation will be done on the following parameters:

#### **(i) Board**

Evaluation criteria for evaluation of Board inter-alia shall cover: Composition in light of business complexities and statutory requirements; establishment of vision, mission, objectives, and values for the Company; laying down a strategic road map for the Company, growth attained by the Company; providing leadership and directions to the Company and employees; effectiveness in ensuring statutory compliances and discharging its duties/ responsibilities towards all stakeholders; identification, monitoring & mitigation of significant corporate risks; composition of various committees, laying down terms of reference and reviewing committee's working etc.

#### **(ii) Chairperson of the Company**

Evaluation criteria for evaluation of the Chairperson of the Company are: providing guidance and counsel in strategic matters; providing overall direction to the Board towards achieving Company's objectives; effectiveness towards ensuring statutory compliances; maintaining the critical balance between the views of different Board Members; ensuring maximum participation and contribution by each Board Member; monitoring the effectiveness of Company's governance practices; conducting Board and Shareholders meetings in effective and orderly manner etc.

#### **(iii) Committees of the Board**

Committees of the Board shall be evaluated for their performance based on: effectiveness in discharging duties and functions conferred; setting up and implementation of various policies, procedures, and plans, effective use of committee's powers as per terms of reference,

periodicity of meetings, attendance and participation of Committee members, providing strategic guidance to the Board on various matters coming under committee's purview, etc.

**(iv) Executive Directors**

The performance of the Managing Director, Chief Executive Officer, and other Executive Directors, if any, shall be evaluated on the basis of achievement of performance targets/ criteria given to them by the Board from time to time.

**(v) Non-Executive Directors including Independent Directors**

The performance of Non-Executive Directors including Independent Directors shall be evaluated based on: Objectivity & Constructivity while exercising duties, providing independent judgment on strategy, performance, risk management, and Board's deliberations; devotion of sufficient time for informed decision making; exercising duties in bona fide manner; safeguarding interest of all shareholders;

Upholding ethical standards of integrity & probity; updating knowledge of the Company & its external environment; fulfillment of the independence criteria of Independent Directors and their independence from the management etc.

The Board has carried out performance evaluation of its own, the Board Committees, and of the Independent Directors, whereas at a separate meeting, Independent Directors evaluated performance of the Non-Independent Directors and, the Board as a whole. All the Non-executive and Independent Directors have wide experience in their field. Their presence on the Board is advantageous and fruitful in making business decisions.

**POLICY RELATING TO REMUNERATION OF DIRECTORS, KMP & SENIOR MANAGEMENT PERSONNEL**

- To ensure that the level and components of remuneration are reasonable and sufficient to attract, retain, and motivate Directors, KMP, and other employees of the quality required to run the Company successfully.
- No director/KMP/ other employee is involved in deciding his or her own remuneration and the trend prevalent in a similar industry, nature, and size of business is kept in view and given due weightage to arrive at a competitive quantum of remuneration & it is to be ensured that relationship of remuneration to the performance is clear & meets appropriate performance benchmarks which are unambiguously laid down and communicated.
- Improved performance should be rewarded by increase in remuneration and suitable authority for value addition in the future.
- Remuneration packages should strike a balance between fixed and incentive pay, where applicable, reflecting short- and long-term performance objectives appropriate to the Company's working and goals.

**The following criteria are also to be considered:**

**- Responsibilities and duties;**

- Time & efforts devoted; Value addition;
- Profitability of the Company & growth of its business;
- Analyzing each and every position and skills for fixing the remuneration
- yardstick; Standards for certain functions where there is a scarcity of qualified resources; Ensuring tax efficient remuneration structures;
- Ensuring that the remuneration structure is simple and that the cost to the Company (CTC) is not shown inflated and the effective take-home remuneration is not low;
- Other criteria as may be applicable.
- Consistent application of remuneration parameters across the organization.
- Provisions of law with regard to making payment of remuneration, as may be applicable, are complied.
- Whenever there is any deviation from the Policy, the justification /reasons should also be indicated/disclosed adequately.

**DISCLOSURES:** This Policy shall be disclosed on the website of the Company i.e. <https://kanone.in/>

**REVIEW**

- This Policy shall be reviewed by the Board as and when any changes are to be incorporated in the Policy due to changes in law, regulations, or as may be felt appropriate by the Board. Any changes/amendments/modifications in the Policy will be in writing and approved by the Board of Directors of the Company.
- In case of any subsequent changes in the provisions of the Companies Act, 2013, Listing Regulations, or any other regulations that make any of the provisions in the Policy inconsistent with the Act or Regulations, then the provisions of the Act or Regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

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