

Kanakadurga Finance Limited

NOMINATION AND REMUNERATION POLICY

Introduction

In line with the best practices and the governance philosophy, the Company has formed a Nomination & Remuneration Committee. The purpose of charter is to document the objectives, responsibilities, and administration of the Nominations & Remuneration Committee which are delegated to the Committee by the Board of Directors.

Objective

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement. The Key Objectives of the Committee would be:

- a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- c) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- d) To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- e) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- f) To devise a policy on Board diversity. To develop a succession plan for the Board and to regularly review the plan;

Definitions:

- a) Board means Board of Directors of the Company.
- b) Committee means the Nomination & Remuneration Committee
- c) Directors mean Directors of the Company.
- d) Independent Director means as provided under clause 49 of the Listing Agreement and/or under the Companies Act, 2013
- e) Key Managerial Personnel (KMP) means

Chief Executive Officer or the Managing Director or the Manager

Whole Time Director

Chief Financial Officer

Company Secretary; and

Such other officer as may be prescribed–

Senior Management means Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads.

Role of Committee:

- a) Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee
- b) Policy for appointment and removal of Director, KMP and Senior Management
- c) Remuneration to Non- Executive / Independent Director and KMP:

Responsibilities of the Committee:

The Nomination & Remuneration Committee shall:

- a) Assist the Board in identifying, interviewing and recruiting candidates including criteria for the independence evaluation of the Board of Directors;
- b) Annually evaluate and report to the Board on the performance and effectiveness of the Board to facilitate the directors fulfilling their responsibilities in a manner that serves the interests of members of the organization
- c) Review, at least once a year, the independence of the members of the Board of Directors;
- d) Obtain or perform an annual evaluation of the Committee's performance and make applicable recommendations.
- e) Review the framework and processes for motivating and rewarding performance at all levels of the organization; the resulting compensation awards, and make appropriate proposals for Board approval. In particular, recommending all forms of compensation to be granted to Directors, senior management and other employees of the Company.
- f) Regularly review and make recommendations about changes to the charter of the Nominations Committee;
- g) To recommend policy relating to remuneration payable to Directors, Key Managerial personnel and Senior Management.

Committee meetings

The Nomination and Remuneration Committee convenes at least once a year in order to prepare the proposals for the Annual General Meeting of Shareholders, if any.

At the Nomination and Remuneration Committee meetings shall, if need be, be present also other persons invited by the committee. The meetings shall follow the procedures concerning meetings of the Board of Directors to the extent applicable.