



NOMINATION, REMUNERATION AND BOARD DIVERSITY POLICY

Version	V.4.0
Prepared By	Corporate Secretarial Department
Policy Owner	Nomination and Remuneration Committee
Approved By	Nomination and Remuneration Committee and Board of Directors
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Email	cs@krblindia.com
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1. PREFACE

The Nomination, Remuneration and Board Diversity Policy ("Policy") of KRBL Limited is formulated under the requirements of the applicable laws, including the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") as amended from time to time.

The Policy outlines the role of the Nomination and Remuneration Committee and the Board of Directors ("**Board**") of KRBL Limited in, inter alia, determining the criteria for board membership, approving and recommending compensation packages, succession plan, policies for Directors, Key Managerial Personnel's (KMPs), Senior Management Personnel's (SMPs) and other Employees and laying down the effective manner of performance evaluation of the Board, its Committees, and the Directors and other allied matters.

The Policy of KRBL Limited ("**KRBL**" or "**Company**") is revised and formulated with the prior recommendation of Nomination and Remuneration Committee ("**NRC**") and further approval of Board of Directors of the Company in their respective meeting held on July 31, 2024.

This policy is amended and effective from July 31, 2024.

2. PURPOSE

The purpose of the Policy is to:

- a) Outline clear, predetermined criteria and procedures for the selection, appointment, and evaluation of Directors, KMPs, SMPs and other Employees and ensuring accountability towards Shareholders and Stakeholder.
- b) Ensure that appointments and remuneration practices related to the Directors, KMPs, SMPs and other Employees are in compliance with statutory requirements, especially including those related to Independent Directors and board diversity.
- c) Establish guidelines for fixing remuneration based on factors such as, industry benchmarks, performance criteria, and the company's financial health, thereby aligning the interests of management with those of shareholders.
- d) Foster a culture of meritocracy and avoiding conflicts of interest in decision-making. It also demonstrates the Company's commitment to ethical practices and responsible management.

3. SCOPE OF THE POLICY

Nomination, Remuneration and Board Diversity Policy of the Company is applicable on:

- a) Directors (Executive and Non-Executive);
- b) Key Managerial Personnel;
- c) Senior Managerial Personnel and
- d) Other Employees

4. **DEFINITIONS**

- a) **'Board'** means Board of Directors of the Company.
- b) **'Director'** means a person as defined in Section 2(34) of the Companies Act, 2013 and presently appointed as a Director in the Company.
- c) **'Committee'** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable Listing Regulations.
- d) **'Company'** means KRBL Limited.
- e) **'Independent Director'** means a Director referred to in Section 149(6) of the Companies Act, 2013 and rules made thereunder and Listing Regulation.
- f) **'Key Managerial Personnel (KMP)'** means-
 - a) Managing Director;
 - b) Joint Managing Director(s);
 - c) Chief Executive Officer;
 - d) Manager;
 - e) Whole-time Director;
 - f) Chief Financial Officer;
 - g) Company Secretary and
 - h) Any other person as defined under the Companies Act, 2013 as amended from time to time
- g) **'Senior Managerial Personnel'** means officers/ personnel of the Company who are members of its core management team. The core management team shall mean to members of management/ functional heads one level below the Managing Director.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013 and Listing Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.

5. **OVERSEEING AUTHORITY**

The Nomination and Remuneration Committee (“**NRC**”) of the Company shall be responsible for administration and oversight of this Policy.

An inclusive list of responsibilities to be undertaken by the NRC are:

- a) Formulating 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, KMPs, SMPs and other Employees of the Company.
- b) Formulating the criteria for evaluation of performance of Independent Directors and the Board of Directors;
- c) Devising a policy on diversity of Board of Directors;
- d) Determining the appropriate size, diversity and composition of the Board.
- e) Setting a formal and transparent procedure for selecting new Directors for appointment to the Board.
- f) Identify persons who are qualified to become Director and who may be appointed as in senior management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal;
- g) Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the guidelines provided under the Companies Act, 2013;
- h) Determining 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;
- i) Identifying and recommending Directors who are to be put forward for retirement by rotation;
- j) Recommend to the Board, all remuneration, in whatever form, payable to Senior Management;
- k) Ensuring that there is an appropriate induction & training programs in place for new Directors and members of Senior Management and reviewing its effectiveness;
- l) Recommend necessary changes to the Board;
- m) Developing a succession plan for the Board and Senior Management and regularly reviewing the plan. To consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and employees and such other factors as the Committee shall deem appropriate;
- n) To approve the remuneration of the Board, SMPs, KMPs of the company maintaining a balance between fixed and variable pay [if any] reflecting short and long-term performance objectives appropriate to the working of the Company;
- o) Evaluating the performance of the senior management in the context of the Company's performance from business and compliance perspective.
- p) To delegate any of its powers to one or more of its members or the Secretary of the Committee and
- q) To consider any other matters as may be requested by the Board.

6. APPOINTMENT CRITERIA AND QUALIFICATIONS

a) BOARD MEMBERSHIP

The NRC shall at the time of nominating/ inducting a Director on the Board of the Company shall consider the below mentioned requisition:

- A. Following criteria shall be considered by the Committee for nominating/ inducting a Director on the Board of the Company:

- i. Composition of the Board, taking into consideration the size of the Company and the requirement of law;
- ii. Diversity on the Board;
- iii. Optimal balance of skills, relevant experience and professional qualifications;
- iv. Expertise and experience in a specific area of business;
- v. No present or potential conflict of interests;
- vi. Availability of time and other commitments for proper performance of duties;
- vii. Traits and qualities that align with the Company's values, such as integrity, honesty and transparency; and
- viii. Any other criteria which may be added by the Board at its discretion.

B. The NRC Shall ensure that the Board shall consist of such number of Directors as is necessary to effectively manage the Company considering its size and nature, subject to minimum of three (3) and maximum of fifteen (15) Directors and the composition of the Board shall be in compliance with the requirements laid down under the Companies Act, 2013 and SEBI Listing Regulations and/or any other applicable law.

The Committee may, inter alia, recommend the candidates to the Board when:

- i. Any vacancy in the Board is required to be filled due to retirement or resignation or;
- ii. Any vacancy arising out of the annual Board/ Director performance evaluation or;
- iii. Any vacancy as a result of the end of tenure in accordance with the Act, Rules, and the Listing Regulations or;
- iv. Any change required in the Board on account of diversity or;
- v. Any change required by law.

C. The process of identification shall include ascertaining, meeting, screening, and reviewing candidates for appointment as Directors, whether Executive or Non-Executive. The existing Directors who continue to satisfy the criteria may also be considered by the Committee for re-appointment. The re-appointment of Directors shall be recommended by the Committee after taking into consideration the performance of such Director.

D. The Committee shall ensure that all the appointments/ reappointments as recommended by the Committee shall be in compliance with the provisions laid out under the Companies Act, 2013 and rules made thereunder, Listing Regulations and/or any other applicable law.

The Committee on the satisfaction of a potential candidate meeting the criteria and having completed the identification and selection process, will recommend such persons' candidature to the Board for appointment as Executive Director or Non-Executive Director.

SPECIFIC PROVISION W.R.T. APPOINTMENT OF EXECUTIVE DIRECTORS

- i. The Company shall appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years subject to the approval of the 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.
- ii. The Company shall appoint a person or continue the directorship of any person as a Non-Executive Director who has attained the age of seventy five years subject to approval of shareholders by passing a special resolution, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.
- iii. The Company shall ensure that an individual is eligible for appointment as a Director on the Board of the Company and is not disqualified in terms of Section 164 and other applicable provisions of the Companies Act 2013 and the Listing Regulations and/ or any other applicable law.
- iv. A Managing Director or Whole-time Director or Manager should in addition to the above, fulfill the conditions specified in Section 196 of the Act.
- v. The Director being appointed shall not hold the position of Independent Directorships in such number of companies as may be prescribed under Act, Listing Regulations and other relevant laws, if any.
- vi. The Director being appointed shall not be a member or act as Chairman of such number of companies as may be prescribed under the Act, Listing Regulations and other relevant laws, if any.

SPECIFIC PROVISION W.R.T. APPOINTMENT OF INDEPENDENT DIRECTORS

While evaluating a person for appointment/ re-appointment as an Independent Director, the Company shall ensure that the proposed appointee satisfies the following criteria;

- i. Shall not hold the position of Independent Director in such number of companies as may be prescribed under Act, Listing Regulations and other relevant laws, if any.
- ii. Shall not be a member or act as Chairman of such number of companies as may be prescribed under the Act, Listing Regulations and other relevant laws, if any.
- iii. Should not hold any board/ employment position with a competitor in the geographies where the Company is operating. However, the Board may in special circumstances waive this requirement.

b) APPOINTMENT OF KEY MANAGERIAL PERSONNEL (“KMP”) AND SENIOR MANAGERIAL PERSONNEL (“SMP”)

- i. The NRC shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as KMP or at SMP level and recommend to the Board his/ her appointment.
- ii. A person should possess adequate qualification, expertise and experience for the position he/ she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/ satisfactory for the concerned position.
- iii. 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.

c) APPOINTMENT OF OTHER EMPLOYEES

The appointment of other Employees shall be based on their role and position of the individual employee, including professional experience, level of responsibility, job complexity, and prevailing market conditions. The procedures for such appointments shall be guided by the relevant Human Resource Policies in place.

7. REMUNERATION TO DIRECTORS, KMPs, SENIOR MANAGEMENT PERSONNEL, OTHER EMPLOYEES.

CRITERIA FOR REMUNERATION

While determining the remuneration of Directors, KMPs, SMPs and other Employees, the following criteria may be considered:

- a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMPs, SMPs and other Employees of the quality required to run the Company successfully.
- b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks. The remuneration involves and balance between fixed & variable pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals.
- c) Alignment of remuneration of Directors, KMPs and SMPs with the long-term interest and sustainability & ESG goals of the Company.
- d) Recommendation of revisions in remuneration packages for Directors, KMPs and SMP's, ensuring alignment with industry standards, company performance, and regulatory guidelines. This includes periodic reviews of compensation structures to attract and retain talent while maintaining fairness and accountability.

The revised remuneration shall be effective based on the defined annual increment cycle of the respective unit or as may be recommended by the NRC and approved by the Board

SPECIFIC PROVISION W.R.T. REMUNERATION OF DIRECTORS

The remuneration (including revision in the remuneration) of Directors shall be approved by the Board on the basis of the recommendation of the NRC.

The remuneration payable to Executive Directors may consist of the following;

- a) Fixed Pay, which is payable monthly;
- b) Variable Pay (paid at the end of financial year) directly linked to the performance of the Director, his/ her respective Business Unit and the overall Company's performance and other parameters as determined by Board and NRC from time to time;
- c) Long term incentive plans/ ESOPs as may be decided by the Committee from time to time;
- d) Retirement benefits, house rent allowance, Company leased accommodations and other perks.

The Committee shall ensure that the compensation packages are in accordance with applicable laws for the time being in force, in line with the Company's objectives, shareholders' interests and industry standards;

The overall limits of remuneration (including the sitting fees and profit linked commission if any) of the Board members including Executive Board members (i.e. Managing Director, Whole-Time Director, Executive Directors etc.) and Non-Executive Directors shall be in accordance with and subject to the ceiling limits and other conditions prescribed under the applicable law and the Articles of Association of the Company and further approval by the shareholders of the Company, if required under any law.

The Board can determine different remuneration for different Directors on the basis of their role, responsibilities, duties, time involvement etc.

An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.

Any remuneration paid to Director for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of this clause, if the following conditions are satisfied:

- a) The Services are rendered by such Director in his capacity as the professional and
- b) In the opinion of the Committee, the Director possesses the requisite qualification for the practice of that profession.

The amount of sitting fees paid to the Non-Executive Directors shall be subject to limits as provided under the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and shall be approved by the Board of Directors.

SPECIFIC PROVISION W.R.T. REMUNERATION OF KEY MANAGERIAL PERSONNEL AND SENIOR MANAGERIAL PERSONNEL

- a) The remuneration of KMP's (other than Managing Director and Whole Time Director) and Senior Managerial Personnel at level of Vice President and above shall be approved by the Board on recommendation of NRC and any revision thereof shall be done as per the compensation and appraisal policy and/ or any other applicable policy of the Company.
- b) The remuneration payable to KMP's (other than Managing Director and Whole Time Director), Senior Managerial Personnel may consist of fixed pay, which is payable monthly and include basic pay, contributions to retirement benefits, other perks and benefits or company-leased accommodation and other allowances as per the Company's policy and/or variable pay directly linked to the performance of the individual employee (i.e. achievement against pre-determined KRA's), his/ her respective business unit and the overall Company performance, long term incentive/ ESOPs, as may be decided by the Nomination and Committee from time to time and in accordance with the Variable Pay Policy of the Company.
- c) The NRC may periodically review the remuneration payable to the, SMPs and KMPs and recommend any revision thereof on the basis of financial condition of the Company and performance of individuals and Company as a whole.

SPECIFIC PROVISION W.R.T. REMUNERATION OF EMPLOYEES (OTHER THAN KMP and SMP)

- a) The remuneration for rest of the employees is determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity and market conditions.
- b) The various remuneration components, basic salary, allowances, perquisites, variable pay etc. may be combined to ensure an appropriate and balanced remuneration package.
- c) The annual increments paid to the employees shall be determined based on the appraisal carried out by the Head of Departments of various departments in collaboration with the HR department.

8. OTHER

LOAN AND ADVANCES TO DIRECTORS, KMPS, SMPS AND OTHER EMPLOYEES.

- a) The Committee shall review and approve the loans and advances to Directors in line with the requirements of provisions of Companies Act, 2013 and rules made there under or any other applicable laws.
- b) Loan and advances to KMPS and SMPS and other Employees should be as per the company's compensation and appraisal policy.

9. REMOVAL

Due to reasons for any disqualifications mentioned in the Act or under any other applicable Act, Rules and Regulations there under, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or SMP subject to the provisions and compliance of the said Act, rules and regulations.

10. RETIREMENT

The Directors, KMP and SMP and other Employees shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion in retaining the Director, KMP, SMP and any other Employee in the same position/ remuneration or otherwise even after attaining the retirement age, in the interest of the Company.

11. PERFORMANCE EVALUATION OF DIRECTORS, THE BOARD AS A WHOLE AND COMMITTEES.

The Committee shall determine a process for evaluating the performance of every Director, the Board as a whole and Committees of the Board and review its implementation and compliance on an annual basis. The Committee shall also review its own performance on an annual basis.

To review the outcome of the performance evaluation exercise for the Directors, Board as whole and its Committees and present its analysis and recommendations for improvement to the Board;

The Committee may seek the support and guidance of external experts and agencies for this purpose, if required.

The Nomination and Remuneration Committee shall also carry out evaluation of performance of KMPS and SMPS at regular intervals and as and when required.

12. BOARD DIVERSITY

KRBL believes in and values the advantages of having a diverse Board of Directors. Increasing diversity at the board level is seen as crucial for enhancing the corporate governance structure of the organization and maintaining a competitive edge. A genuinely diverse board will incorporate and effectively utilize differences in skills, regional and industry experiences, backgrounds, genders, and other distinguishing factors among Directors.

These distinctions would be considered in determining the optimum composition of the Board and when possible would be balanced appropriately.

At a minimum, the Board of the Company shall consist of at least one woman Independent Director. All Board appointments are made on merit, in context of the knowledge, skills, experience, independence and integrity which are required to make the Board as a whole effective.

In reviewing the Board composition, the Committee will consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to discharge its duties and responsibilities effectively.

As part of the annual performance evaluation of the effectiveness of the Board, Board Committees and individual Directors, the Committee will consider the balance of skills, experience, independence and knowledge of the Board and the diversity representation of the Board, including gender, how the Board works together as a unit, and other factors relevant to its effectiveness.

13. SUCCESSION PLAN FOR DIRECTORS, KMPs and SMPs.

The NRC shall develop and recommend to the Board a succession plan for the appointments to be made to the Board, KMPs and SMPs.

The NRC shall ensure to abide to the below mentioned procedures while discharging its duties w.r.t. to the formulation and execution of a Succession plan:

- a) **Clear Succession Criteria:** Define clear and objective criteria for identifying potential successors to key leadership positions. This should include qualifications, experience, performance track record, and leadership competencies required for each role.
- b) **Talent Development Programs:** Implement structured talent development programs to groom high-potential employees for future leadership roles. This could include mentoring, leadership training, cross-functional exposure, and opportunities for skill enhancement.
- c) **Regular Review and Assessment:** Establish a regular review process to assess the readiness and suitability of potential successors. This ensures that the identified candidates are continuously evaluated based on their performance and growth trajectory.
- d) **Emergency Succession Plans:** Develop emergency succession plans to address sudden vacancies in critical positions due to unforeseen circumstances such as illness, resignation, or other unexpected events. These plans should outline interim measures and short-term solutions until a permanent successor is appointed.

14. REVIEW AND AMENDMENT

The Company is committed to continuously reviewing and updating its policies and procedures. Therefore, this Policy is subject to modification. This Policy and every subsequent modification, alteration, or amendment made thereto, shall be promptly disclosed on the Company's website at <https://krblrice.com/policies-codes-related-documents>.

The Board on recommendation of the NRC may review the Policy as and when it deems necessary. The right to interpret/ amend/ modify this Policy vests in the Board of Directors of the Company.

Company Secretary is also authorized to amend any provisions of this Policy to give effect to any change/ amendment notified by Ministry of Corporate Affairs, Securities and Exchange Board of India or any other regulatory authority, from time to time. Such change(s)/ amended policy shall be placed before the Committee and Board for noting and ratification.

In case any provision of this Policy is contrary to or inconsistent with the provisions of the Act, SEBI Listing Regulations and/ or any other applicable law for time being in force, the latter shall prevail.

Any question/ clarification/ suggestion relating to this Policy may be addressed to the Corporate Secretarial Department at cs@krblindia.com.
