

K.P. ENERGY LIMITED

NOMINATION AND REMUNERATION POLICY OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

TABLE OF CONTENTS

Sr. No.	Particulars	Page Nos.
1	Background	3
2	Applicability	3
3	Definition	3
4	Brief Overview under the Companies Act, 2013	4
5	Brief overview of Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	5
6	Terms of reference of Nomination and Remuneration Committee	5
7	Criteria for Determining the Qualifications for appointment of Directors (including Independent Directors)	6
8	Criteria for Determining the Positive Attributes of Directors (including Independent Directors)	6
9	Criteria for Determining the Appointment of KMP/Senior Management Personnel	7
10	Remuneration of Directors, KMP and Senior Management Personnel	7
11	Policy review	9

1. BACKGROUND

K.P. Energy Limited (hereafter referred to as the 'Company') upholds a corporate culture founded on principles of stewardship, empowerment, accountability, governance, and ethical conduct, placing transparency at the forefront to enhance value for all stakeholders.

2. APPLICABILITY

This Nomination and Remuneration Policy (the 'Policy') applies to the Board of Directors, Key Managerial Personnel and the Senior Management Personnel of Company.

3. DEFINITION

“**Act**” means Companies Act, 2013 and rules made thereunder.

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

“**Committee**” means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.

“**Company**” means K.P. Energy Limited.

“**Director**” means a director appointed to the Board of the Company.

“**Independent Director**” means a director referred to in Section 149 (6) of the Companies Act, 2013 and/or as defined under Regulation 16 (b) of the Listing Regulations.

“**Key Managerial Personnel / KMP**” in relation to a company means—

- (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.

“**Listing Regulations**” means Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015.

“Senior Management Personnel” means officers and personnel referred to in Section 178 of the Companies Act, 2013 and/or as defined under Regulation 16 (d) of the Listing Regulations.

4. BRIEF OVERVIEW UNDER THE COMPANIES ACT, 2013

Section 178 and Companies (Meetings of Board and its Powers) Rules 2014:

- a. 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.
- b. 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 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 and independent external agency and review its implementation and compliance.
- c. 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 other employees.
- d. The Nomination and Remuneration Committee shall, while formulating the policy ensure that:
 - o 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;
 - o relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - o 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.

- e. Such policy shall be placed on the website of the company, if any, and the salient features of the policy and changes therein, if any, along with the web address of the policy, if any, shall be disclosed in the Board's report.

5. BRIEF OVERVIEW OF REGULATION 19 OF LISTING REGULATIONS

Nomination and Remuneration Committee -

- a. The Board of Directors shall constitute the Committee which shall comprise at least three directors, all of whom shall be non-executive directors and at least two third of the directors shall be Independent Director. Chairperson of the Committee shall be an Independent Director.
- b. The Chairperson of the Company, whether executive or non-executive, may be appointed as a member of the Committee and shall not chair such Committee
- c. The quorum for a meeting of the Committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one Independent Director in attendance
- d. The Chairperson of the committee may be present at the annual general meeting, to answer the shareholders' queries; however, it shall be up to the chairperson to decide who shall answer the queries.
- e. The nomination and remuneration Committee shall meet at least once in a financial year.
- f. The role of the Committee shall be as specified as in Part D of the Schedule II of Listing Regulations.

6. TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE

- a. 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;

- b. Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- c. Devising a policy on diversity of board of directors
- d. 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
- e. Whether to extend or continue the term of appointment of the independent director, basis of the report of performance evaluation of independent directors
- f. To recommend to the board, all remuneration, in whatever form, payable to senior management

7. CRITERIA FOR DETERMINING THE QUALIFICATIONS FOR APPOINTMENT OF DIRECTORS (INCLUDING INDEPENDENT DIRECTORS)

- a. Persons of eminence, standing, and knowledge with significant achievements in business, professions, or public service.
- b. Financial or business literacy/skills, including the ability to interpret financial statements and assess risks.
- c. Relevant industry experience that aligns with the Company's operations.
- d. Appropriate qualifications or experience to meet the Company's objectives.
- e. Compliance with applicable provisions of the Companies Act, 2013, rules made thereunder, and Listing Regulations.

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

8. CRITERIA FOR DETERMINING THE POSITIVE ATTRIBUTES OF DIRECTORS (INCLUDING INDEPENDENT DIRECTORS)

- a. Directors are to demonstrate integrity, credibility, trustworthiness, handle conflict constructively, and address issues proactively.

- b. actively update their knowledge and skills with the latest developments in the industry, market conditions, and applicable legal provisions.
- c. Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities.
- d. To assist in bringing independent judgment to the board's deliberations, especially on strategy, performance, risk management, resources, key appointments, and standards of conduct.
- e. Ability to develop a good working relationship with other board members and contribute to the board's relationship with senior management.
- f. To act within their authority and protect the legitimate interests of the Company, shareholders, and employees.
- g. Independent Directors must meet the requirements of the Companies Act, 2013, the rules made thereunder, and Listing Regulations, as amended from time to time.

9. CRITERIA FOR DETERMINING THE APPOINTMENT OF KMP/SENIOR MANAGEMENT PERSONNEL

- a. To possess the required qualifications, experience, skills, and expertise to effectively discharge their duties and responsibilities.
- b. To practice and encourage professionalism and transparent working environment promoting ethical practices and integrity.
- c. To build strong teams and foster collaboration to achieve the Company's goals, objectives, and corporate mission.
- d. To strictly adhere to the company's code of conduct, demonstrating high ethical standards and accountability.

10. REMUNERATION OF DIRECTORS, KMP AND SENIOR MANAGEMENT PERSONNEL

- a. The remuneration structure must be reasonable and sufficient to attract, retain, and motivate Directors, KMP, and employees with the required qualifications and skills to manage the company successfully.
- b. No director, KMP, or employee is involved in deciding their own remuneration.

- c. The remuneration package should be competitive, considering industry trends, business size, and market standards.
- d. The relationship between remuneration and performance must be clearly defined with measurable benchmarks that align with Company goals.
- e. Improved performance should be rewarded with increases in remuneration and appropriate authority to encourage future value addition.
- f. Remuneration packages should strike a balance between fixed and incentive pay, wherever applicable, reflecting both short-term and long-term performance objectives appropriate to the Company's working and goals.
- g. The following criteria are also to be considered:
 - o Responsibilities and duties of the position;
 - o Time and effort dedicated to the role;
 - o Value added by the individual to the Company;
 - o Profitability of the Company and growth of its business;
 - o Analysing each and every position and skills for fixing the remuneration benchmark;
 - o Standards for functions where there is a scarcity of qualified resources.
 - o Ensuring tax-efficient remuneration structures.
 - o Maintaining transparency in the remuneration structure to avoid inflated cost-to-company (CTC) figures, ensuring the effective take home remuneration is not unduly low.
 - o Any other applicable criteria.
 - o Consistent application of remuneration parameters across the organization.
- h. All remuneration payments must comply with applicable provisions of the law.
- i. Whenever, there is any deviation from the Policy, the justification /reasons should also be indicated / disclosed adequately.

11. POLICY REVIEW

The policy shall be reviewed by the Nomination and Remuneration Committee and the Board, from time to time as may be necessary.
