



**KUMAR ARCH TECH  
LIMITED**  
**(Formerly known as Kumar  
Arch Tech Private Limited)**

**NOMINATION AND REMUNERATION  
POLICY**

**(As envisaged under Section 178 of the Companies Act, 2013 and  
Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements)  
Regulations, 2015)**

**Version – 01**

**Date of the approval by the Board: September 09, 2024**

**Effective Date: September 09, 2024**

## **NOMINATION AND REMUNERATION POLICY**

### **1. LEGAL FRAMEWORK AND OBJECTIVES**

Section 178 of the Companies Act, 2013 (“Act”) read with the applicable Rules thereunder, provisions of Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (“SEBI Regulations”) read with Part D of Schedule II of SEBI Regulations (together referred to as “Applicable Laws”) require the Nomination and Remuneration Committee (“NRC” or the “Committee”) of the Board of Directors of every listed company, among other classes of companies, to:

- Formulate the criteria for determining qualifications, positive attributes, and independence of a director, and recommending to the Board a policy relating to the remuneration of directors, key managerial personnel, and other employees (“Remuneration Policy”), ensuring alignment with the Company’s long-term strategic objectives and safeguarding the influence of stakeholders.
- For every appointment of an independent director, evaluate the balance of skills, knowledge, and experience on the Board, and based on 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) Use the services of external agencies, if required; (b) Consider candidates from a wide range of backgrounds, having due regard to diversity, while ensuring strategic alignment with the Company’s goals; (c) Consider the time commitments of the candidates.
- Formulate the criteria for evaluating the performance of independent directors and the Board.
- Devise a policy on Board diversity, ensuring that while diversity is considered, it does not override the strategic needs and the control of the Board by promoters and directors.
- Identify persons qualified to become directors and who may be appointed in senior management, in accordance with the criteria laid down, and recommending their appointment and removal to the Board. Carrying out the evaluation of every director’s performance, including independent directors.
- Extending or continuing the term of appointment of an independent director, based on the report of performance evaluation.
- Recommending to the Board, all remuneration, in whatever form, payable to senior management, ensuring alignment with Company strategy and retention of promoter influence.
- Analyzing, monitoring, and reviewing various human resource and compensation matters.
- Determining the Company’s policy on specific remuneration packages for executive directors, including pension rights and any compensation payments, and determining

remuneration packages for such directors.

- The Committee, while formulating the Remuneration Policy, shall ensure that: (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 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.
- Performing such functions as required under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended, including: (a) Administering any existing and proposed employee stock option schemes formulated by the Company from time to time (the “Plan”); (b) Determining the eligibility of employees to participate under the Plan; (c) Granting options to eligible employees and determining the date of grant; (d) Determining the number of options to be granted to an employee; (e) Determining the exercise price under the Plan; and (f) Construing and interpreting the Plan and any agreements defining the rights and obligations of the Company and eligible employees under the Plan, and prescribing, amending, and/or rescinding rules and regulations relating to the administration of the Plan.
- Carrying out any other activities as may be delegated by the Board or as may be required under the Companies Act, the SEBI Listing Regulations, or any other applicable law, as may be amended from time to time.

This Policy shall act as a guideline on some of the above-mentioned objectives of the NRC.

The Nomination and Remuneration Committee is responsible for recommending the remuneration policy to the Board. The Board is responsible for approving and overseeing the implementation of the remuneration policy.

## **2. APPLICABILITY**

This Policy shall be applicable to all members of the Board of Directors of the Company (“Directors”) and Senior Management Personnel, which shall mean personnel of the Company who are members of its core management team excluding Board of Directors. This would comprise all members of management one level below the Executive Director and shall include the Company Secretary and chief financial officer (“SMP”).

## **3. DEFINITIONS**

In this policy unless the context otherwise requires:

- **Act** means the Companies Act, 2013 and rules framed thereunder, as amended from time

to time.

- **Board** means Board of Directors of Kumar Arch Tech Limited.
- **Committee** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- **Company** means Kumar Arch Tech Limited.
- **Director** means a person appointed to the position of a Director on the Board.
- **Independent Director** means a director referred to in Section 149(6) of the Companies Act, 2013 read with Regulation 16(1)(b) of the Listing Regulations.
- **Key Managerial Personnel (KMP)** refers to:
  - Chief Executive Officer or the Managing Director or the Manager;
  - Whole-time director;
  - Chief Financial Officer
  - Company Secretary; and
  - Such other persons who may be considered to be Key Managerial Personnel under the Companies Act, 2013 or as may be designated as Key Managerial Personnel by the Board.
- **Senior Management Personnel (SMP)** means officers and personnel of the Company who are members of its Core Management Team “excluding the Board of Directors” and shall comprise of all members of management one level below the chief executive officer/managing director/whole time director/manager (including Chief Executive Officer/Manager (in case they are not part of the board) and shall include the functional heads” and shall specifically include company secretary and chief financial officer.

In line with the above, the Board may define Senior Management as personnel of the Company who are at the President and above level.

#### **4. CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES AND INDEPENDENCE OF DIRECTORS**

##### **Criteria for determining qualifications and positive attributes:**

The Committee shall consider the following factors for determining qualifications and positive attributes of directors (including independent directors):

- All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.

- 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.

#### **Criteria for determining Independence:**

The Independent Director shall qualify the criteria of independence mentioned in Section 149(6) of the Companies Act, 2013 and rules related thereto and in Regulations 16(b) and 25 of the Listing Regulations.

#### **5. APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL**

##### **Appointment Criteria and qualifications:**

- The Committee shall identify and ascertain the integrity, qualification, expertise, and experience of the person for appointment as Director and/or Key Managerial Personnel and recommend the appointment to the Board.
- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as senior management. The Senior Management personnel shall be appointed or promoted with the authority/approval of the Committee.
- A person should possess adequate qualifications, expertise, and experience for the position he/she is considered for appointment. The Committee has the discretion to decide whether qualification, expertise and experience possessed by a person are sufficient/satisfactory for the concerned position.
- For every appointment of an independent director, the 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.
- The appointment of any Whole-Time Director/ Key Managerial Personnel /Senior Management shall also be governed by the prevailing employment policies of the

Company.

- A Whole-Time Key Managerial Personnel of the Company shall not hold office in more than one Company except in its subsidiary company at the same time.
- The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager who has attained the age of seventy years except with the approval of shareholders of the company in accordance with the Companies Act, 2013. Provided further that the term of the person holding the earlier mentioned position may be extended beyond the age of seventy years with the approval of the members by a special resolution.
- The Company shall not appoint or continue the employment of any person as non-executive director who has attained the age of seventy five years except with the approval of shareholders of the company in accordance with the Listing Regulations.
- The board will have the final authority on the appointment and removal of Director/ Key Managerial Personnel /Senior Management Personnel once the recommendations for the same are received from NRC.

#### **Term/Tenure:**

The term/tenure of the Directors, Key Managerial Personnel shall be governed as per provisions of the Act, and rules made thereunder as amended from time to time and/or terms & conditions of their appointment.

The term/tenure of the Whole-time Director and Independent Director shall be as follows:

#### ➤ **Managing Director/Whole-time Director/Manager (Managerial Person):**

The Company may appoint or re-appoint a person as its Managing Director 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.

#### ➤ **Independent Director:**

- An Independent Director may hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment for another term up to five consecutive years on passing of a special resolution by the shareholders of the Company.
- 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 an Independent Director, it should be ensured that

number of Boards on which such Independent Director serves, is restricted to applicable regulations in force.

➤ **Removal:**

Due to reasons for any disqualifications mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director or Key Managerial Personnel subject to the provisions and compliance of the Act, rules and regulations.

Senior Management personnel shall be appointed or promoted and removed/relieved with the authority of the Committee and the Board based on the business need and the suitability of the candidate.

➤ **Retirement:**

The Director, Key Managerial Personnel 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 Director, Key Managerial Personnel, Senior Management in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**6. REMUNERATION TO DIRECTORS, KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES**

**A. General**

- The remuneration/compensation/ commission etc. to be paid to Directors will be determined by the Committee and recommended to the Board for approval.
- The remuneration and commission to be paid to the Managing Director/Whole-time Directors shall be in accordance with the provisions of the Act, and the rules made thereunder.
- Revision to the existing remuneration/ compensation structure may be recommended by the Committee to the Board, in the case of Managing Director/ Whole-time Director.
- Remuneration of Key Managerial Personnel (other than directors), Senior Management Personnel and other employees shall be as per the policy of the Company.
- Revision to the existing remuneration of Key Managerial Personnel, Senior Management Personnel and other employees will be decided and approved by the

Managing Director of the Company. Where any insurance is taken by the Company on behalf of its Chairman/Managing Director/ Whole- time Directors, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying any of them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

- The level and composition of remuneration as determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully.
- The relationship of remuneration to performance shall be clear and meet appropriate performance benchmarks.
- The directors may receive remuneration/other payments for any other purpose whatsoever as may be decided by the Board on the recommendation of the Committee and on approval of the Board.

#### **B. Remuneration to Managing Director /Whole-time Director**

- The Managing Director/Whole-time Director shall be eligible for a monthly remuneration as may be approved by the Board. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
- If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director / Whole-time Director in accordance with the provisions of Schedule V of the Act.
- If any Managing Director/Whole-time Directors draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless approved by the company by special resolution.

#### **C. Remuneration to Non-Executive/ Independent Director**

- **Remuneration**

The remuneration shall be fixed in accordance with the statutory provisions of the



Companies Act, 2013 and the rules made thereunder.

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 of the Act.

- **Sitting Fees**

The Non-Executive/Independent Directors shall be paid sitting fees, as decided by the Board from time to time, for attending the meetings of the Board and Board's Committees (both statutory and other need-based committees) of which they are members or invitees (attending by invitation) to the meetings.

The Board may at its discretion revise the sitting fees payable to the Non-Executive/Independent Directors from time to time provided that the amount of such fees shall not exceed the limits prescribed under the Companies Act, 2013 or rules made thereunder.

- **Commission**

On the approval of the Board, the commission 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.

- **Stock Options**

The Independent Directors shall not be entitled to any stock option of the Company.

#### **D. Remuneration to Key Managerial Personnel, Senior Management Personnel and Other employees**

The Key Managerial Personnel, Senior Management Personnel and other employees of the Company shall be paid monthly remuneration as per the Company's HR policies and /or as May approved by the Committee. The break- up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, etc. shall be as per the Company's HR policies.

### **7. PERFORMANCE EVALUATION**

The Committee shall review, adopt and recommend a policy on evaluation of independent directors and board of directors including its committees.

## **8. POLICY ON BOARD DIVERSITY**

The Committee shall review, adopt and recommend a policy framework to promote diversity on Company's board of directors.

## **9. POLICY ON ORDERLY SUCCESSION FOR APPOINTMENTS TO THE BOARD AND SENIOR MANAGEMENT**

The Committee shall review, adopt and recommend a Policy on Succession plan for Board and senior management personnel.

## **10. CHANGES AMONGST DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL**

The Committee may recommend to the Board, changes in Board or Key Managerial Personnel or Senior Management Personnel subject to the provisions of the Act, Listing Regulations and/or applicable Company's policies. The Key Managerial Personnel and Senior Management Personnel shall superannuate as per the applicable provisions of the regulation and prevailing policy of the Company.

The Managing Director will have the discretion to retain the Key Managerial Personnel or Senior Management Personnel in the same position / remuneration or revised remuneration after attaining the date of superannuation for organizational development reasons.

## **11. REVIEW AND AMENDMENTS IN THE POLICY**

This Policy will be reviewed and reassessed by the Committee as and when required and appropriate recommendations shall be made to the Board to update this Policy based on changes that may be brought about due to any regulatory amendments or otherwise.

The Board of Directors may on recommendation of the NRC and in their discretion, make any changes/modifications and/or amendments to this Policy from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant regulatory authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

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