

NOMINATION AND REMUNERATION POLICY

KULKARNI POWER TOOLS LIMITED

A] Introduction:

This Nomination and Remuneration Policy is being framed under section 178 of the Companies Act, 2013. This policy on Nomination and Remuneration of directors, working directors, key managerial personnel, Independent Directors has been formulated by the Nomination and Remuneration Committee (The Committee) and has been approved by the Board of Directors.

Such policy is framed to attract, retain and motivate directors, working directors, key managerial personnel, Independent Directors of the company on the basis of their performance to run the company successfully. It is intended to set out criteria to pay equitable remuneration to the working directors, key managerial personnel, and other employees of the Company.

B] Applicability:

This policy shall be applicable to, directors, working directors, key managerial personnel, and Independent directors of the company.

C] Objectives:

The remuneration policy for directors, working directors, key managerial personnel (KMP), independent directors is formulated with the following broad objectives:

- a) Identification of persons who are qualified to become director and who may be appointed in senior management position
- b) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate working directors of the quality required.
- c) Remuneration is linked to performance.
- d) Ensuring that remuneration to working directors, key managerial personnel 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) The criteria for determining qualifications, positive attributes and independence of a Director.

D] Definitions:

1. **“Board”** means Board of Directors of the Company.
2. **“Directors”** mean working directors of the Company.
3. **“Committee”** means Nomination and Remuneration Committee as constituted or reconstituted by the Board.
4. **“Company” means** “Kulkarni Power Tools Limited”.
5. **“Independent Director”** means a director referred to in section 149 (6) of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
6. **“Key Managerial Personnel (KMP)” means-**
 - a. The Chief Executive Officer or the Managing Director or the Manager
 - b. The Company Secretary
 - c. The Whole-Time Director
 - d. The Chief Financial Officer
 - e. Such other officer as may be prescribed under the applicable statutory provisions / regulations.
7. **“Remuneration”** means remuneration as defined under Section 2(78) of the Companies Act, 2013 including any amendment thereof.
8. Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be amended from time to time shall have the meaning respectively assigned to them therein.

E] APPOINTMENT & REMOVAL:

- A. Appointment criteria and qualifications
 1. The Committee shall ascertain the integrity, qualification, expertise and experience of the person identified for appointment as director, working director, key managerial personnel (KMP), independent director and recommend to the Board his/her appointment.
 2. A person to be appointed as director, working director, key managerial personnel KMP, independent director should possess adequate qualification, expertise and experience for the position he/she is considered for.
 3. The Company shall not appoint or continue the employment of any person as managing director/ director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended at the discretion of the committee beyond the age of seventy years with the approval of 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 as the case may be.

B. Term / Tenure

1. Managing Director / Whole-time Director

The Company shall appoint or re-appoint any person as its Managing Director or CEO 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.

2. Independent Director

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

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 Independent Director, it should be ensured that number of Boards on which such Independent Director serves, is restricted to applicable regulations in force.

3. Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rule made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a director, working director, key managerial personnel (KMP), independent director subject to the provisions and compliance of the said Act, rules and regulations.

4. Retirement

The working directors, KMP shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Directors, KMP and Senior Management in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

F] REMUNERATION CRITERIA:

1. General:

- a. The remuneration / compensation / commission etc. to be paid to working directors will be determined by the Committee and recommended to the Board for approval.
- b. The remuneration and commission to be paid to the Managing Director/Whole-time Director shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.
- c. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managing Director/ Whole-time Director.

2. Remuneration to KMP:

The total rewards for KMP is designed to ensure their continued alignment with organizational goals and experience held by them. The Committee aims to ensure that KMP pay is reflective of market pay, consisting of a mix of base/ fixed pay. The emphasis is always on withholding the service of KMP's with a view to obtain their continued focus on the Company's sustainable, long term performance.

3. Remuneration to Other Employees:

The compensation for other employees would be as per the compensation policy of the Company, as revised through the annual compensation review process from time to time and approved by the Executive Director, in consultation with the Head- HR.

4. Minimum remuneration to Whole-time Directors:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

5. Remuneration to Non-Executive / Independent Directors :

The remuneration payable to each Non-Executive Director is based on the remuneration structure as determined by the Board, which is in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder.

G] PERFORMANCE EVALUATION:

The Committee shall evaluate performance of every director, working director, key managerial personnel (KMP), and independent director at regular period of one year.

H] POLICY REVIEW:

- a. This Policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges.
 - b. In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes 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.
 - c. This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification to the policy as recommended by the Committee would be placed before the Board of Directors for their approval.
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