

Krystal Integrated Services Limited

Nomination and Remuneration Policy

Introduction

This policy on Nomination and Remuneration of Directors, Key Managerial Personnel ("KMP"), Senior Management Personnel ("SMP") and other employees has been formulated in terms of the provisions of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time, in order to appoint and pay equitable remuneration to Directors, KMPs, SMPs and other employees of the Company.

Legal framework and Objectives

Section 178 of the Companies Act, 2013 ("Act") read with the applicable Rules thereto, provisions of Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 ("SEBI Listing Regulations") read with Part D of Schedule II of SEBI Listing 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:

1. Identify persons who are qualified to become directors and who may be appointed in a KMP or SMP role in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
2. Formulate the criteria for determining qualifications, positive attributes and independence of a director;
3. Devising a policy on diversity of board of directors;
4. Specify the manner and criteria for effective evaluation of the performance of the Board, its committees and individual directors. Basis the performance evaluation results of independent directors, decide whether to extend or continue their term of appointment or not;
5. Recommend to the Board of Directors a policy relating to the remuneration of the Directors, KMPs and other employees including SMPs;
6. Recommend to the Board, all remuneration, in whatever form, payable to senior management.

Constitution of the Nomination, Remuneration and Compensation Committee:

The Board has constituted the Nomination, Remuneration and Compensation Committee (NRC) on August 19, 2023 as per Companies Act, 2013 and SEBI Listing Regulations.

Definitions

'Board' means Board of Directors of the Company.

'Directors' means Directors of the Company

‘Committee’ means Nomination, Remuneration and Compensation Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable SEBI Listing Regulations.

‘Company’ means Krystal Integrated Services Limited

‘Independent Director’ means a Director referred to in Section 149(6) Act and rules and SEBI Listing Regulations

“Key Managerial Personnel” or “KMP” means

1. the chief executive officer or the managing director or the manager;
2. the company secretary;
3. the whole-time director;
4. the chief financial officer
5. 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
6. such other officer as may be prescribed

“Policy” means the Nomination and Remuneration Policy

“Remuneration” means any money or its equivalent given or passed to any person for services rendered by them and includes perquisites as defined under the Income- Tax Act, 1961

“SEBI Regulations” means the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended from time to time

“Senior Management” or “Senior Management Personnel” or “SMP” means officers/personnel of the Company that includes;

- i. Key Managerial Personnel
- ii. One level below the Chief Executive Officer and Managing Director who are members of the core management and functional heads
- iii. Any other officer as determined by the NRC and the Board from time to time.

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

General

This Policy is divided in three parts: -

Part – A covers the matters to be dealt with and recommended by the Committee to the Board;
Part – B covers the appointment and removal of Directors, KMP and Senior Management; and
Part – C covers remuneration for Directors, KMP and Senior Management

Part - A

Matters to be dealt with, perused and recommended to the Board by the Nomination, Remuneration and Compensation Committee ("NRC")

The following matters shall be dealt with by the Committee: -

(a) Size and composition of the Board:

Periodically reviewing the size and composition of the Board to have an appropriate mix of executive, non-executive and independent Directors to maintain its independence and separate its functions of governance and management and to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company.

(b) Directors:

Formulate the criteria determining qualifications, positive attributes of a Director and recommend candidates to the Board when circumstances warrant the appointment of a new Director, having regard to qualifications, integrity, expertise and experience for the position.

(c) Board Diversity

NRC shall ensure a transparent nomination process to the Board of Directors with the diversity of gender, thought, experience, qualification, knowledge, core skills, competencies, and perspective in the Board.

Diversity at the Board level shall be used as a tool for supporting the attainment of the strategic objectives of the Company and also to drive business results. Accordingly, while designing the composition of the Board, diversity shall be considered on all aspects and all appointments shall be based on the above parameters.

(d) Succession plans:

Establishing and reviewing Board, KMP and Senior Management succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management.

(e) Evaluation of performance:

- i Make recommendations to the Board on appropriate performance criteria for the Directors.
- ii Formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company or engage with a third-party facilitator in doing so.
- iii Identify ongoing training and education programs for the Board to ensure that Non-Executive Directors are provided with adequate information regarding the business, the industry and their legal responsibilities and duties.

(f) Familiarization

Identifying familiarization and training programs for the Board to ensure that Non-Executive Directors are provided adequate information regarding the operations of the business, the industry and their duties and legal responsibilities

(g) Remuneration framework and policies

The Committee is responsible for reviewing and making recommendations to the Board on:

1. Remuneration of whole-time Directors to be presented for shareholders' approval including severance, if any.
2. Individual and total remuneration of non-executive Directors including any additional fees payable for membership of Board committees;
3. The remuneration and remuneration policies for KMP and Senior Management including base pay, incentive payments, equity awards, retirement rights, severance pay if any and service contracts having regard to the need to:
 - a. attract and motivate talent to pursue the Company's long-term growth;
 - b. demonstrate a clear relationship between executive compensation and performance;
 - c. be reasonable and fair, having regard to best governance practices and legal requirements and
 - d. balance between fixed and incentive pay reflecting short and long-term performance objectives as appropriate for the Company and its goals
4. the Company's incentive compensation and equity-based plans including a consideration of performance thresholds and regulatory and market requirements.

PART - B

Policy for appointment and removal of Directors, KMP and Senior Management

(a) Appointment criteria and qualifications

- 1) The Committee shall ascertain the integrity, qualification, expertise and experience of the person identified for appointment as Director, KMP or Senior Management and recommend to the Board his/her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the position.
- 2) A person to be appointed as Director, KMP or Senior Management should possess adequate qualification, expertise and experience for the position he/she is considered for.

- 3) A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise and insights in sectors/areas relevant to the Company, ability to contribute to the Company's growth and complementary skills in relation to the other Board members.
- 4) For every appointment of an Independent Director, the NRC 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 for such role shall meet the description.
- 5) For the purpose of identifying suitable candidates, the Committee may;
 - i. use the services of an external agencies, if required
 - ii. consider candidates from a wide range of backgrounds, having due regard to diversity and
 - iii. consider the time commitments of the candidates
- 6) The Company shall appoint or continue the employment of a person as Managing Director/Whole - time Director and Non-Executive Director who has not attained the maximum age of retirement as prescribed under relevant laws.
- 7) 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.
- 8) The Company shall not appoint any resigning independent director, as whole-time director, unless a period of one year has elapsed from the date of resignation as an independent director.

(b) Term/ Tenure

1) Managing Director / Whole-time Director

Term of appointment or re-appointment of Managing Director or CEO not to exceed five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

2) Non-Executive Director

Non-executive director's office is subject to retirement by rotation at the Annual general meeting in the manner as specified under relevant laws.

3) Independent Director

An Independent Director shall hold office on the Board of the Company for a term as may be determined by the Board but in any case, not exceeding five years and shall not hold office for more than two consecutive terms. Such Independent Director shall be eligible for appointment after the expiry of such period as prescribed under the applicable law.

(c) Removal

Due to reasons for any disqualification mentioned in the Act and rules 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, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

(d) Retirement

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the relevant laws. 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, subject to approvals as required under the relevant laws.

PART - C

Policy relating to the remuneration for Managing Director / CEO, Non-Executive Directors, KMPs and Senior Management

Managing Director / CEO

- i The remuneration to be paid to the MD/CEO at the time of his/her appointment shall be recommended by the NRC and approved by the Board of Directors and the shareholders of the Company.
- ii Annual increment/subsequent variation in remuneration to the MD/CEO shall be approved by the NRC/Board of Directors, within the overall limits approved by the shareholders of the Company.

NEDs:

- i NEDs shall be entitled to sitting fees as may be decided by the Board of Directors from time to time for attending the Meeting of the Board and sub-Committees of the Board.
- ii Remuneration (including Commission) as may be recommended by NRC and subsequently approved by the Board of Directors and shareholders of the Company, wherever required, and the same shall be paid in accordance with the applicable laws.
- iii The NEDs shall be eligible for remuneration of professional services rendered if in the opinion of the NRC, the NED possesses the requisite qualification for rendering such professional services in accordance with applicable laws.

KMP & SMP:

- i The remuneration to be paid to the KMP and SMP, at the time of his/her appointment shall be recommended by the NRC and approved by the Board considering relevant qualification, experience and performance of the individual as well as the prevailing market conditions. The remuneration may be combination of fixed and variable pay.
- ii Annual increment /subsequent variation in remuneration to the KMP/SMP shall be approved by the NRC/Board of Directors.

Director and Officer Liability Insurance:

Where Insurance Policy is taken by the Company for its Directors, KMP, SMP and employees indemnifying them against any liability, the premium paid by the Company for such insurance cover shall not be treated as part of the remuneration payable to such personnel. However, if such person is proved to be guilty, the premium paid on such insurance shall be recovered from such persons.

Policy review:

(a) This policy is framed based on the provisions of the Companies Act, 2013 and Rules framed thereunder and the requirements of SEBI Listing Regulations, as amended from time to time

(b) In case of any subsequent changes in the provisions of the Act 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, Remuneration and Compensation Committee, periodically. Any changes or modification to the policy as recommended by the Committee would be placed before the Board of Directors for their approval.
