

## Nomination and Remuneration Policy

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## 1. PREAMBLE

The Nomination and Remuneration Policy of KRA Leasing Limited (the “Company”) is designed to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and superannuation benefits. The policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

This Remuneration Policy applies to Directors, Senior Management including its Key Managerial Personnel (KMP) and other employees of the Company.

## 2. OBJECTIVES

This Policy is in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement.

The Key Objectives of the Committee are:

- a. To guide the Board in relation to the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- c. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

## 3. DEFINITION

- a. **Act**: The Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- b. **Board**: Board of Directors of the Company.
- c. **Directors**: Directors of the Company.
- d. **Independent Director**: Independent Director of the Company appointed in pursuance of the Companies Act and Listing Agreement with stock exchanges.

e. **Key Managerial Personnel:**

- i. Managing Director;
- ii. Whole-time Director;
- iii. Chief Financial Officer;
- iv. Company Secretary; and
- v. Such other officer as may be prescribed.

f. **Senior Management:** Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads

g. **Nomination & Remuneration Committee:** Committee of the Board, constituted, in accordance with provisions of Section 178 of the Act and Listing Agreement with stock exchanges

h. **Employees Stock Option:** The option given to the **Directors**, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such **Directors**, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price

i. **Rules:** Rules framed under the Act

j. **Remuneration:** Any money or its equivalent given or passed on to any person for services rendered, which included perquisites and other benefits.

#### 4. TERMS/TENURE

a. Managing Director/Whole-time Director:

The Company appoints or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment is made earlier than one year before the expiry of term.

b. Independent Director:

An Independent Director holds the office for a term up to five consecutive years on the Board of the Company and is 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 holds office for more than two consecutive terms, but such Independent Director is eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director is not, during the said period of three years, appointed in or associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he/ she is eligible for appointment for one more term of 5 years only.

At the time of appointment of Independent Director it is ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

### **5. REMUNERATION STRUCTURE AND COMPONENTS**

#### **Managing Director and whole time Director**

Fixed and variable components of remuneration are paid to Managing Director and whole time Director, subject to provisions of the Act, rules and regulations and Listing Agreement with stock exchanges.

#### **Non- executive Directors**

Non-executive Directors are paid sitting fees for the meetings of the Board and Committees thereof, subject to adequacy of profits and with approval of shareholders , the Company may pay commission to non- executive Directors, provided it is approved by Nomination and Remuneration Committee.

#### **Other Key Management Personnel/ Senior Management and Employees**

Remuneration components are combined to ensure an appropriate and balanced remuneration package depending upon level of employee, job profile, performance, future potential, etc.