

KOHIMA-MARIANI TRANSMISSION LIMITED

NOMINATION & REMUNERATION POLICY

Version	Date of Approval	Approving Authority	Effective Date
1	02 February 2023	Board of Directors	02 February 2023

➤ **INTRODUCTION**

In terms of Section 178 of the Companies Act, 2013 (“Act”), the Nomination and Remuneration Committee (“NRC”) of the Board is, *inter alia*, required to formulate a Policy laying down 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 for directors, key managerial personnel and other senior management employees.

Explanation : For the purpose of this Policy, “senior management employees” shall mean officers/personnel of the Company who are members of its core management team. The core management team includes Managing Director, Wholetime Director (if any), Chief Financial Officer and Company Secretary.

In view of the above, the NRC of Kohima-Mariani Transmission Limited (“KMTL” or “the Company”) has framed this Nomination & Remuneration Policy (the “Policy”) applicable to its Directors, Key Managerial Personnel (“KMP”) and Senior Management employees.

➤ **PURPOSE**

The objectives of the Policy are:

- i. To formulate the criteria for determining qualifications, positive attributes and independence for appointment of a director.
- ii. To recommend a Policy, relating to the remuneration for directors, key managerial personnel and other senior management employees.

➤ **PRINCIPLES**

The main principles of KMTL’s remuneration policies are:

- i. No individual or any of his/her close associates should determine his / her own remuneration;
- ii. Remuneration should be broadly aligned with companies with whom KMTL competes for human resources; and
- iii. Remuneration should reflect performance, complexity and responsibility with a view to attracting, motivating and retaining high performing individuals and promoting the enhancement of the value of the Company to its Shareholders.

➤ **POLICY FRAMEWORK**

(A) Board Diversity Policy

In order to enable the NRC to discharge its role relating to nomination of Directors, the NRC shall formulate the Board Diversity Policy. The NRC shall be guided by the Board Diversity Policy, as amended from time to time, for shortlisting and nominating persons for the position of a Director of the Company.

(B) Board Evaluation Policy

In order to enable the NRC to discharge its role relating to performance evaluation, the NRC shall formulate a Board Evaluation Policy and recommend the same to the Board for adoption. The NRC shall be guided by the Board Evaluation Policy, as amended from time to time, for evaluation of individual Directors (including Chairperson of the Company, where appointed), Committees and the Board as a whole.

(C) Nomination Policy

The NRC is responsible for implementation of the Policy, *inter alia*, and including but not limited to, discharging the following role:

- a) Reviewing and assessing the composition of the Board from time to time, with a view that the Board has an optimum mix of executive and non-executive directors;
- b) Identify appropriate qualified personnel to occupy Board positions;
- c) Suggest appropriate expertise and diversity required based on the current requirements and the future projected activities of the Company;
- d) Managing the process of recruiting new Directors, defining requisite skills and expertise and making recommendations to the Board;
- e) Ensuring that selection process is formal and thorough and non-discriminatory; and
- f) Review and report any changes in relation to the diversity of the Board, from time to time.

While undertaking the aforesaid responsibilities, the NRC may take into account the below parameters:

General Parameters:

- i. The consideration and selection of candidates for appointment to the Board will be based on merit which shall include a review of any candidate's integrity, experience, educational background, industry or related experience and more general experience.
- ii. A transparent Board nomination process to be put in place that encourages diversity of thought, experience, skills, knowledge, perspective, age, nationality, gender, cultural and educational background, as appropriate. The Board shall be guided by the Board Diversity Policy in this behalf.

Independence Parameters:

While considering the appointment / re-appointment of an Independent Director, the NRC shall assess independence of a Director. Thereafter, the Board shall assess the independence annually. The Board shall re-assess the independence as and when a new interest is disclosed by a Director. In this regard, the criteria of independence as specified in Companies Act, 2013 shall be considered.

Behavioural Parameters:

The NRC shall consider the following criteria for determining the positive attitude of a director:

- i. Acts objectively and constructively while discharging duties and responsibilities;
- ii. Actively participates in developing strategies for addressing issues concerning weakness of the Company;
- iii. Demonstrates quality of analysis and judgment related to progresses and opportunities and need for changes;
- iv. Keeps well informed about the Company and the external environment in and around which it operates; and
- v. Acts collectively with other Directors of Board amidst congenial atmosphere in the Board.

Other consideration / resources:

For the purpose of identifying suitable candidates, the Committee may:

- a. use the services of an external agencies, if required;
- b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
- c. consider the time commitments of the candidates.

(D) Remuneration Policy

The overall limits of remuneration of the Board members, including executive board members (i.e. managing director, whole-time director, executive directors etc.) and non-executive independent directors are governed by the provisions of Section 197 of the Companies Act, 2013 (the "Act"), Rules made thereunder read with Schedule V to the Act, as may be applicable, and shall be approved by the shareholders of the Company and shall be subject to availability of profits of the Company.

Within the overall limit approved by the shareholders, on the recommendation of the Committee, the Board shall determine the remuneration. The Board can determine different remuneration for different Directors on the basis of their role, responsibilities, duties, time involvement etc.

○ Remuneration for Independent Directors

Independent Directors ("ID") shall be remunerated by way of Sitting Fee for each meeting of the Board / Committees of the Board attended by them, at such rates as may be determined by the Board of Directors of the Company, from time to time. The Board may, at its absolute discretion, determine separate rates for sitting fees of the Board, any of the Committees thereof as also pay a higher fee for chairing the Board / Committees, if deemed fit. Further, IDs shall be reimbursed for any out-of-pocket expenses incurred by them for the purpose of attending the Meetings of the Company or for any legitimate expenses done by them to discharge their roles as IDs of the Company.

- **Remuneration for Non-Executive, Non-Independent Directors (including those nominated by the holding company)**

Non-Executive, Non-Independent Directors (including those nominated by the holding company) shall not be entitled to any remuneration from the Company.

- **Remuneration for Executive Directors, KMP and Senior Management employees**

The following elements shall be taken into consideration for determining the Remuneration of Executive Directors, KMP and Senior Management employees:

- The Policy reflects a balance between the interests of Company's main stakeholders as well as a balance between the Company's short-term and long-term strategy. As a result, the structure of the remuneration package for the Executive Directors, KMP and Senior Management employees, is designed to balance short-term operational performance with the medium and long-term objective of creating sustainable value within the company, while taking into account the interests of its stakeholders.
 - The Company strives for a high-performance culture and aims to maintain a good balance between economic gain, respect for people and concern for the environment.
 - To ensure that highly skilled and qualified KMP / Senior Management employees can be attracted and retained, the Company aims for a total remuneration level that is comparable to levels provided by other companies that are similar to the Company in terms of size and complexity.
 - In designing and setting the levels of remuneration for the Executive Directors, KMP, Senior Management and other employees, the NRC also takes into account the relevant statutory provisions and market trends and the interests of stakeholders.
 - The remuneration shall involve a balance between the fixed and variable (Annual Incentive) reflecting short-term and long-term performance objectives appropriate to the working of the Company and its goals.
 - To ensure that relationship of remuneration to the performance is clear and meets appropriate performance benchmarks which are unambiguously laid down and communicated.
- **Remuneration for other Employees**

Remuneration of middle and junior level employees of the Company comprises a fixed and variable (Annual Incentive) component which is reviewed on an annual basis. Increase in the remuneration of employees is determined on the basis of an annual review taking into account internal and external equity, performance of the employee and also, the performance of the Company.

➤ **REVIEWS / AMENDMENTS TO THE POLICY**

This Policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and the requirements of Listing Regulations with the Stock Exchanges. 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.

The NRC shall review this policy periodically to ensure that it is aligned with the changes in the legal as well as the business environment. Any changes or modification to the policy as recommended by the NRC would be placed before the Board of Directors for its approval.