kaveri seed company limited
CIN: L01120TG1986PLC006728
Regd.Office: #1-7-36 to 42 Sardar Patel Road,
Secunderabad – 500003, Telangana.
Tel.Nos. +91 40-27721457/27842398, Fax No. +91 40-27811237
Email: cs@kaveriseeds.in Website :www.kaveriseeds.in

NOMINATION AND REMUNERATION POLICY

1.PREAMBLE

Kaveri Seed Company Limited ("Company") recognises that its success and sustained growth depend substantially on the quality, competence, integrity and commitment of its Board of Directors, Key Managerial Personnel and Senior Management.

Accordingly, the Company has formulated this Nomination and Remuneration Policy ("Policy") to establish a transparent framework for appointment, remuneration, performance evaluation, succession planning and other related matters concerning Directors, Key Managerial Personnel ("KMP") and Senior Management.

This Policy has been formulated in accordance with:

a. the provisions of the Companies Act, 2013 ("Act") and the rules made thereunder, as amended from time to time;

b. Section 178 of the Act and other applicable provisions relating to appointment, remuneration and performance evaluation of Directors, KMP and Senior Management;

c. the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), as amended from time to time;

d. the applicable provisions of Schedule II to the SEBI LODR Regulations;

e. the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended from time to time, wherever applicable;

f. the Articles of Association of the Company; and

g. such other applicable laws, rules, regulations, circulars and guidelines as may be applicable to the Company from time to time.

In the event of any conflict between this Policy and any statutory or regulatory provision, the statutory or regulatory provision shall prevail.

2. OBJECTIVES OF THE POLICY

The principal objectives of this Policy are:

2.1 To establish appropriate criteria for determining the qualifications, positive attributes and independence of Directors.

2.2. To provide a transparent framework for identifying, evaluating and recommending suitable candidates for appointment as Directors, KMP and Senior Management.

2.3. To ensure that the Board comprises persons having an appropriate balance of skills, knowledge, experience, expertise, integrity and diversity required for effective functioning of the Company.

2.4. To formulate a remuneration framework which enables the Company to attract, retain and motivate Directors, KMP and Senior Management of the quality required to achieve its strategic objectives.

2.5. To ensure that remuneration is linked appropriately with performance and achievement of the Company's short-term and long-term objectives.

2.6. To establish an appropriate framework for performance evaluation of the Board, its Committees and individual Directors.

2.7. To establish an effective succession planning mechanism for the Board, KMP and Senior Management.

2.8. To promote diversity, merit, integrity, professionalism and accountability in appointments and remuneration decisions.

3. DEFINITIONS

Unless the context otherwise requires:

3.1 "**Act"** Means the Companies Act, 2013 and the rules made thereunder, as amended from time to time.

3.2 **"Board"** Means the Board of Directors of the Company.

3.3 "Committee" or "NRC" Means the Nomination and Remuneration Committee constituted by the Board under applicable provisions of the Act and the SEBI LODR Regulations.

3.4 "**Director"** Means a Director appointed to the Board of the Company.

3.5 "Independent Director" Means an Independent Director as defined under the Act and the SEBI LODR Regulations, as amended from time to time.

3.6 "Key Managerial Personnel" or "KMP" Means the Key Managerial Personnel as defined under the Act and applicable rules, as amended from time to time.

3.7 "Senior Management" Means such officers/personnel of the Company who are members of its core management team excluding the Board of Directors and ordinarily comprising all members of management one level below the Executive Directors, including functional heads, as may be applicable under the SEBI LODR Regulations and the Act.

3.8 "Remuneration"
Includes salary, allowances, commission, incentives, perquisites, insurance benefits, performance-linked payments, retirement benefits and other monetary or non-monetary benefits provided to Directors, KMP and Senior Management, as applicable.

3.9 “Performance Linked Incentive” Means variable remuneration linked to achievement of specified financial, operational, strategic, individual and/or other performance parameters.

Words and expressions not defined herein shall have the meaning assigned to them under the Act, SEBI LODR Regulations or other applicable law.

4. CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE

4.1 The Board shall constitute and maintain the NRC in accordance with the Act and the SEBI LODR Regulations.

4.2 The composition of the NRC shall comply with the statutory and regulatory requirements applicable to the Company from time to time.

4.3 The NRC shall comprise of at least three Directors, all of whom shall be Non-Executive Directors, with at least two-thirds of the members being Independent Directors, and shall be chaired by an Independent Director, in accordance with the SEBI LODR Regulations.

4.4 The Chairperson of the Company may be appointed as a member of the NRC but shall not chair the NRC.

4.5 The Company Secretary shall act as the Secretary to the NRC.

4.6 The quorum for meetings of the NRC shall be as prescribed under the applicable provisions of the SEBI LODR Regulations and the Act.

4.7 The NRC shall meet at least once in every financial year and additionally as may be required for effective discharge of its responsibilities.

5. ROLE AND RESPONSIBILITIES OF THE NRC

The NRC shall, inter alia:

a. formulate and recommend to the Board the criteria for determining qualifications, positive attributes and independence of a Director.

b. formulate and recommend to the Board the remuneration policy for Directors, KMP and other employees;
c. identify persons qualified to become Directors and persons who may be appointed in Senior Management in accordance with the criteria laid down under this Policy;
d. recommend to the Board the appointment and removal of Directors, KMP and Senior Management, wherever applicable;
e. evaluate the balance of skills, knowledge and experience on the Board;
f. prepare or oversee the preparation of a description of the role and capabilities required for an Independent Director;
g. consider Board diversity while recommending appointments;
h. recommend to the Board the remuneration payable to Managing Director, ,Executive Directors, KMP and Senior Management and fixing sitting fee for Independent Directors.
i. review and recommend compensation structures and incentive arrangements;
j. administer or recommend matters relating to employee stock options/share-based employee benefits, wherever applicable, subject to the applicable laws and the Company's approved schemes;
k. formulate the criteria and framework for performance evaluation of the Board, its Committees and individual Directors;
l. review implementation and compliance with the performance evaluation framework;
m. review succession plans for Directors, KMP and Senior Management;
n. review measures for retaining and developing key managerial and senior management talent;
o. consider such other matters as may be prescribed under applicable law or assigned by the Board.

6. CRITERIA FOR APPOINTMENT OF DIRECTORS

While considering a candidate for appointment as a Director, the NRC shall consider, among other matters:

a. integrity, ethical standards and reputation;
b. qualifications and professional competence;
c. relevant industry, technical, functional or managerial experience;
d. knowledge and understanding of the Company's business and industry;
e. strategic thinking and decision-making ability;
f. financial literacy and ability to understand financial statements, where relevant;
g. ability to devote sufficient time and attention to the affairs of the Company;
h. leadership capability;
i. ability to contribute constructively to Board deliberations;
j. independence of judgement;
k. absence of circumstances that may create a conflict of interest;
l. compliance with applicable statutory and regulatory requirements; and
m. such other criteria as may be considered appropriate by the NRC and the Board.

7. POSITIVE ATTRIBUTES OF DIRECTORS

The positive attributes expected of a Director shall include:

a. high standards of integrity, honesty and ethical conduct;
b. commitment to the highest standards of corporate governance;
c. sound judgement and objective decision-making;
d. ability to act in the best interests of the Company and its stakeholders;
e. willingness to devote adequate time and attention to the responsibilities of the office;
f. ability to work constructively as part of a collective Board;
g. willingness to ask relevant and challenging questions;
h. ability to exercise independent judgement, where applicable;
i. respect for confidentiality; and

j. commitment to continuous learning and keeping abreast of developments relevant to the Company.

8. CRITERIA FOR INDEPENDENCE OF DIRECTORS

For appointment or continuation of an Independent Director, the NRC shall assess whether the candidate satisfies the independence criteria prescribed under the Act and the SEBI LODR Regulations.

The NRC shall specifically consider:

a. integrity and relevant expertise;
b. absence of material pecuniary relationship with the Company, its subsidiaries, associates or promoters, except as permitted under applicable law;
c. absence of disqualifying relationships with promoters, Directors or other persons as prescribed;
d. compliance with statutory independence requirements;
e. ability to exercise objective and independent judgement;
f. absence of circumstances that may impair or appear to impair independence; and
g. such other requirements as may be prescribed from time to time.

Every Independent Director shall furnish the declarations required under applicable law.

9. BOARD DIVERSITY

The Company recognises the benefits of having a diverse Board.

The NRC shall endeavour to ensure that the Board, as a whole, comprises Directors possessing an appropriate combination of:

- skills;
- knowledge;
- experience;
- industry expertise;
- professional background;
- financial and commercial understanding;
- technical expertise;

- gender diversity; and
- such other attributes as may be relevant to the Company's business and future strategy.

Board diversity shall, however, be based on merit and the requirements of the Company's business and shall not compromise the principles of suitability, independence, integrity and competence.

10. APPOINTMENT OF DIRECTORS

10.1 The NRC shall identify suitable candidates for appointment as Directors based on the criteria contained in this Policy and applicable law.

10.2 For every proposed appointment of an Independent Director, the NRC shall evaluate the balance of skills, knowledge and experience on the Board and identify the role and capabilities required for the proposed appointment.

10.3 The NRC shall recommend the candidate to the Board after considering the candidate's qualifications, experience, independence, skills, diversity and ability to contribute effectively to the Board.

10.4 The appointment shall be subject to such approvals of the Board, Members and regulatory authorities as may be required.

11. APPOINTMENT AND REMOVAL OF KMP AND SENIOR MANAGEMENT

The NRC shall consider and recommend, as applicable:

a. appointment of KMP and Senior Management;
b. terms and conditions of employment;
c. remuneration and performance-linked compensation;
d. promotion and career progression;
e. succession and replacement planning;
f. removal, where warranted, in accordance with applicable law and employment terms; and
g. retention and development measures for critical positions.

The appointment and remuneration of KMP and Senior Management shall be based on merit, qualifications, experience, responsibilities, performance, market conditions and the Company's requirements.

12. SUCCESSION PLANNING

The Company shall maintain an appropriate succession planning framework for key leadership positions.
The NRC shall periodically review succession plans for:

a. Managing Director/Whole-time Directors;
b. Chief Executive Officer, where applicable;
c. Chief Financial Officer;
d. Company Secretary;
e. other KMP; and
f. key positions within Senior Management.

The succession framework should seek to ensure business continuity, leadership stability and timely availability of suitable internal or external candidates.

13. REMUNERATION PHILOSOPHY

The Company's remuneration philosophy shall be based on the following principles:

a. remuneration shall be reasonable and sufficient to attract, retain and motivate persons of the quality required to successfully operate the Company;
b. remuneration shall be aligned with the Company's strategy, objectives, values and long-term interests;
c. remuneration shall appropriately reflect responsibilities, qualifications, experience and performance;
d. the relationship between remuneration and performance shall be clear;
e. remuneration shall include an appropriate balance between fixed and variable/incentive components;
f. remuneration structures shall support both short-term and long-term performance;

g. remuneration decisions shall consider relevant market and industry practices;
h. remuneration shall be consistent with applicable statutory limits and approvals; and
i. remuneration shall promote responsible and sustainable growth.

14. REMUNERATION OF MANAGING DIRECTOR / WHOLE-TIME DIRECTOR / EXECUTIVE DIRECTORS

The remuneration of the Managing Director, Whole-time Director or other Executive Director shall be determined by the NRC and recommended to the Board, subject to approval of Members and other approvals wherever required under applicable law.

The remuneration may comprise:

a. basic salary;
b. allowances and perquisites;
c. performance-linked incentives;
d. commission;
e. retirement and terminal benefits;
f. medical, insurance and welfare benefits;
g. other benefits in accordance with the Company's policies; and
h. other permissible components under applicable law.

The remuneration shall be linked, where appropriate, to performance parameters including financial performance, operational performance, strategic objectives, individual performance and long-term value creation.

The overall remuneration shall remain subject to the limits and conditions prescribed under the Act, including Sections 196, 197, 198 and Schedule V, wherever applicable.

15. REMUNERATION OF NON-EXECUTIVE DIRECTORS

Non-Executive Directors may be paid:

a. sitting fees for attending meetings of the Board and Committees;

b. reimbursement of reasonable expenses incurred for participation in Board/Committee meetings and Company business;
c. commission or other remuneration as permitted under applicable law and approved by the Members, where required.

The level of remuneration shall take into account:

- time commitment;
- responsibilities undertaken;
- contribution to Board and Committee deliberations;
- expertise and experience;
- prevailing market practices; and
- applicable statutory limits.

16. REMUNERATION OF INDEPENDENT DIRECTORS

An Independent Director shall be entitled to remuneration only in accordance with applicable law.

Such remuneration may include:

a. sitting fees;
b. reimbursement of expenses for participation in Board and Committee meetings;
c. profit-related commission, where approved in accordance with applicable law; and
d. other permissible benefits.

An Independent Director shall not be entitled to stock options, except to the extent expressly permitted by applicable law.

The remuneration of Independent Directors shall not be structured in a manner that compromises their independence.

17. REMUNERATION OF KMP AND SENIOR MANAGEMENT

The remuneration of KMP and Senior Management shall be determined based on:

a. qualifications and experience;
b. nature and complexity of responsibilities;
c. role criticality;
d. individual performance;
e. achievement of agreed objectives;
f. Company performance;
g. industry and market benchmarks;
h. internal parity and equity;
i. retention requirements; and
j. applicable statutory requirements.

The remuneration may comprise fixed pay, variable pay, performance incentives, benefits, retirement benefits, insurance coverage and other employee benefits in accordance with the Company's policies.

18. PERFORMANCE-LINKED INCENTIVES

Performance-linked remuneration may be provided to eligible Executive Directors, KMP and Senior Management based on appropriate performance parameters.

Performance parameters may include:

a. financial performance;
b. revenue and profitability;
c. operational efficiency;
d. achievement of strategic objectives;
e. business growth;
f. research and development/product development objectives;
g. risk management and compliance;
h. sustainability and other non-financial objectives;
i. individual performance; and
j. such other parameters as may be determined appropriate.

The NRC may recommend appropriate weightages, targets and performance thresholds.
Performance-linked remuneration shall be subject to applicable statutory limits and approvals.

19. EMPLOYEE STOCK OPTIONS / SHARE-BASED BENEFITS

The Company may provide employee stock options or other share-based employee benefits in accordance with the applicable employee benefit scheme(s) approved by the Company.

The NRC shall consider and recommend matters relating to such schemes, including:

a. grant of options;
b. eligibility of employees;
c. vesting conditions;
d. exercise conditions;
e. performance-linked grants;
f. modifications or amendments to schemes;
g. treatment of options on resignation, retirement, death or other cessation of employment; and
h. such other matters as may be required under the applicable scheme or law.

All such matters shall be undertaken in accordance with the applicable provisions of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, the Companies Act, 2013 and the relevant ESOP/share-based benefit scheme of the Company.

20. PERFORMANCE EVALUATION

The NRC shall establish appropriate criteria and processes for performance evaluation of:

a. the Board as a whole;
b. Board Committees;
c. individual Directors;
d. Independent Directors;
e. Chairperson of the Board; and
f. such other persons or positions as may be required.

The evaluation framework may consider:

- attendance and participation;
- understanding of the Company's business;
- quality and contribution to deliberations;
- strategic guidance;
- independence of judgement;
- compliance and governance;
- contribution to Committees;
- preparedness for meetings;
- constructive challenge and oversight;
- stakeholder orientation; and
- such other criteria as may be considered appropriate.

The manner of evaluation shall be consistent with the requirements of the Act and SEBI LODR Regulations.

The NRC shall review implementation of the evaluation framework and make recommendations to the Board wherever required.

21. EVALUATION OF INDEPENDENT DIRECTORS

The performance evaluation of Independent Directors shall take into account:

a. independence of judgement;
b. contribution to Board deliberations;
c. understanding of the Company's business and industry;
d. ability to challenge management constructively;
e. attendance and preparedness;
f. participation in Committees;
g. protection of stakeholder interests;
h. compliance with the Code of Conduct and applicable laws; and
i. overall contribution to effective corporate governance.

The evaluation shall be conducted in accordance with applicable provisions of the Act and SEBI LODR Regulations.

22. REMUNERATION REVIEW

The NRC shall periodically review the remuneration structure of Directors, KMP and Senior Management.

The review may consider:

a. Company's financial and operational performance;
b. industry and market trends;
c. inflation and cost conditions;
d. remuneration benchmarking;
e. internal pay equity;
f. retention and succession requirements;
g. performance outcomes; and
h. changes in applicable laws and regulations.

No remuneration shall be increased or paid contrary to statutory limits or without obtaining the approvals required under applicable law.

23. CONFLICT OF INTEREST

The NRC and its members shall ensure that remuneration and appointment decisions are made objectively and in the best interests of the Company.

Any member having a direct or indirect conflict of interest in a matter under consideration shall disclose such interest and abstain from participation in the relevant deliberations and voting, wherever required under applicable law.

24. RESTRICTIONS ON REMUNERATION

All remuneration payable to Directors shall comply with the applicable provisions of the Act, including Sections 196, 197 and 198, Schedule V and other applicable provisions.

The remuneration of Non-Executive Directors and Independent Directors shall remain within the applicable statutory limits unless the requisite approvals are obtained.

Where profits are inadequate or there are no profits, remuneration shall be governed by the applicable provisions of the Act and Schedule V.

25. DISCLOSURE

The Company shall make such disclosures regarding this Policy, composition and functioning of the NRC, remuneration of Directors and other relevant matters as may be required under:

a. the Companies Act, 2013;
b. SEBI LODR Regulations;
c. the annual report requirements;
d. corporate governance reporting requirements;
e. applicable stock exchange requirements; and
f. other applicable laws and regulations.

The Policy shall be disclosed on the Company's website to the extent required under applicable law.

26. REVIEW AND AMENDMENT OF THE POLICY

The NRC shall periodically review this Policy and may recommend amendments to the Board to ensure continued compliance with applicable laws, regulations and governance practices.

The Policy shall be reviewed whenever there is a material change in:

a. the Companies Act or rules made thereunder;
b. SEBI LODR Regulations;
c. SEBI regulations relating to share-based employee benefits;
d. applicable stock exchange requirements; or
e. the Company's business or organisational structure warranting revision.

Any amendment to this Policy shall be subject to approval of the Board, based on the recommendation of the NRC, unless otherwise required by applicable law.

27. AUTHORITY AND INTERPRETATION

The NRC shall have the authority to seek information, professional advice and assistance from internal or external sources as may be necessary for effective discharge of its responsibilities.
In case of any ambiguity or inconsistency in this Policy, the provisions of the Act, SEBI LODR Regulations, SEBI SBEB & SE Regulations and other applicable laws shall prevail.

The NRC and the Board shall have the authority to interpret this Policy in accordance with applicable law.

28. EFFECTIVE DATE

This revised Nomination and Remuneration Policy shall be effective from the date approved by the Board of Directors of the Company.

For Kaveri Seed Company Limited

Sd/-
Chairperson / Company Secretary

KAVERI SEED COMPANY LTD.
SECUNDERABAD