**KOTHARI FERMENTATION AND BIOCHEM LIMITED**
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# NOMINATION, REMUNERATION AND BOARD DIVERSITY POLICY

## 1. PREAMBLE

The Board of Kothari Fermentation and Biochem Limited has formulated this Nomination, Remuneration and Board Diversity Policy ("Policy") on the recommendation of the Nomination and Remuneration Committee, to provide a framework for the nomination and remuneration of members of the Board of Directors (the "Board") of the Company, key managerial personnel, senior management and other employees of the Company.

This Policy is guided by the principles and objectives as enumerated in Section 178 (3) of the Companies Act, 2013 and the rules made thereunder, as amended (the "Act") and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"), to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company.

## 2. POLICY OBJECTIVE

a. To lay down criteria for identifying persons who are qualified to become directors and who may be appointed to Senior Management of the Company in accordance with the criteria laid down.

b. To lay down criteria for determining qualification, positive attributed as Independence of a Director;

d. To lay down criteria, relating to the remuneration of directors, key managerial personnel, Senior Management, and Other Employees.

## 3. DEFINITIONS

"Board" means the "Board of Directors" of Kothari Fermentation and Biochem Limited;

"Company" means Kothari Fermentation and Biochem Limited;

"Independent Director" means a Director who satisfies the criteria of independence as prescribed under the Companies Act 2013 and the Listing Regulations, as may be amended from time to time and appointed as Independent Director under section 149(10)/(11) read with Schedule IV of the Companies Act, 2013.

"Key Managerial Personnel" or "KMP" means:

I. Chief Executive Officer or the Managing Director or the Manager;

II. Whole-Time Director,

III. Company Secretary;

IV. Chief Financial Officer;

V. 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

VI. such other officer as may be prescribed under the Companies Act, 2013;

"Listing Regulations" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended time to time;

"Nomination & Remuneration Committee" means "Nomination & Remuneration Committee" constituted by the Board of the Company from time to time under the provisions of the Companies Act 2013 and Listing Regulations;

"Other Employees" means all employees of the Company other than the directors, KMP and Senior Management;

"Policy" means the Nomination, Remuneration and Board Diversity Policy;

"Senior Management[11] shall mean the officers and personnel of the listed entity who are members of its core management team., excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

Words and expressions used and not defined in this Policy but defined in the Companies Act, 2013 or applicable SEBI Regulations shall have the meanings respectively assigned to them in those Act/Regulations.

## 4. CONSTITUTION

a. The Board shall determine the membership of the Nomination & Remuneration Committee.

b. The Committee shall comprise at least three non-executive directors, of which not less than two-thirds shall be Independent Directors.

Provided that the Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.

c. Chairman of the Committee shall be an Independent Director.

## 5. POLICY

This policy is divided in three parts:

### 5.1 Appointment & Removal

a. Criteria for identifying persons who are qualified to be appointed as a Director/ Independent Director /KMP/ Senior Management/ Other Employees of the Company:

i. The Committee shall consider the ethical standards of integrity and probity, and qualification, expertise, and experience of the person for appointment as Director/ Independent Director /KMP or Senior Management and accordingly recommend to the Board his/her appointment.

ii. The Company should ensure that the person so appointed as Director/ Independent Director/ KMP shall not be disqualified under the Companies Act, 2013, rules made thereunder, Listing Regulations, or any other enactment for the time being in force.

iii. The Director/ Independent Director/ KMP shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder, Listing Regulations, or any other applicable enactment for the time being in force.

iv. Independent Directors shall be appointed as per the criteria laid down under Section 149(6) of the Companies Act, 2013, and Listing Regulations as amended from time to time.

v. Other Employees shall be appointed and removed as per the policy and procedure of the Company.

b. Term/Tenure:

The Term/Tenure of the Directors/ KMP's and other employees shall be as per the Company's prevailing policy subject to the applicable provisions of the Companies Act, 2013 and rules made thereunder and Listing Regulations as amended from time to time.

c. Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground, the Committee may recommend to the Board for removal of a Director or KMP subject to the provisions and compliance of the said Act, rules and regulations.

d. Retirement:

The director, KMP, Senior Management and Other Employees shall retire as per the applicable provisions of the Companies Act, 2013 along with the rules made thereunder and the prevailing retirement policy of the Company. The Board will have the discretion to retain the director, KMP, Senior Management and Other Employees in the same position/remuneration or otherwise even after attaining the retirement age for the benefit of the Company subject to applicable provisions of the Companies Act, 2013 and Listing Regulations.

**5.2 Remuneration**

The level and composition of remuneration to be paid to the Managing Director, Whole-Time Director(s), Non-Executive Director(s), KMPs, Senior Management and Other Employees shall be reasonable and sufficient to attract, retain and motivate directors, KMPs, Senior Management and Other Employees of the Company. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay, if any reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

i. Director/ Managing Director

Besides the above Criteria, the Remuneration/ Compensation/ Commission/ Bonus etc. to be paid to Director/Managing Director shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder along with the Listing Regulations or any other enactment for the time being in force.

ii. Non-Executive Directors

The Non-Executive Directors (including Independent Director) will be paid commission as decided by the Board subject to ceiling/limits as provided under the Companies Act,2013 and rules made thereunder and Listing Regulations

The Non-Executive Directors (including Independent Director) will receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force. Independent Directors shall not be entitled to stock option.

iii. Senior Management/ KMP

The Remuneration to be paid to Senior Management /KMP shall be recommended by Nomination & Remuneration Committee to the Board on the basis of the experience, qualification, expertise and/or performance of the related personnel and shall be decided by the Managing Director of the Company.

iv. Other Employees

The power to decide structure of remuneration for other employees has been delegated to the Managing Director of the Company or any other director.

**5.3 Diversity**

The Board shall at all times promote and welcome diversity, equal opportunities and gender mix in its composition with due recognition and weightage to the skills, experience and business acumen of the directorship candidatures.

a. The Board will review and approve a chart or a matrix setting out the appropriate and core skills, experience and knowledge required of the Board members, in the context of the needs of the Company's businesses and strategies along with that of the sector's.

b. The Board will review its composition and size from time to time to ensure its appropriateness and the fulfillment of the gender diversity representation.

## 6. DISCLOSURES

This Policy and criteria for making payments to non-executive directors shall be disclosed as per the applicable statutory requirements.

## 7. AMENDMENT(S)

The Board may review or amend this Policy, in whole or in part, from time to time, after taking into account amendments made by regulatory authorities in applicable laws, rules and regulations etc and its commendations from the Nomination & Remuneration Committee.

Where the terms of this Policy differ from existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over this Policy and procedures until such time this Policy is amended to conform to the applicable law, rule, regulation or standard.

## 8. EFFECTIVE DATE

The policy shall come into force with effect from 30th May, 2024.