



NOMINATION AND REMUNERATION POLICY

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| <u>Version</u> | 1.0 |
| <u>Issuing Authority</u> | Board of Directors of the Company |
| <u>Effective Date of Document</u> | January 31, 2022 |
| <u>Approval Date of Document</u> | January 31, 2022 |
| <u>Date of Last Review</u> | January 31, 2022 |
| <u>Version History</u> | 1.0 (New Policy) |



1) Preamble

This Nomination and Remuneration Policy (the “**Policy**”) has been formulated by Kids Clinic India Limited (“**Company**”) in compliance with Section 178 of the Companies Act, 2013, read with applicable rules made thereunder and in compliance of Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) when so applicable.

Accordingly, the board of directors of Company (“**Board**”) adopted the Policy at its meeting held on January 31, 2022 which can be amended from time to time.

2) Objective and purpose

The objective of this Policy is to serve as a guiding charter to appoint qualified persons as directors on the board of directors of the Company (“**Directors**”), key managerial personnel (the “**KMP**”), senior management personnel (the “**SMP**”) and in senior management position, to recommend the remuneration to be paid to them and to evaluate their performance. This Policy provides a framework for:

- a) Identifying persons who are qualified to become Directors (executive and non-executive) and persons who may be appointed as KMP, SMP and in senior management position in accordance with the criteria laid down, and recommend to the Board for their appointment and removal
- b) Identifying the criteria for determining qualifications, positive attribute and independence of a director;
- c) Determining remuneration of Directors, KMPs and SMPs, based on factors including the Company’s size, financial position, trends and practices on remuneration prevailing in peer companies in the similar industry.
- d) Specifying the manner for effective evaluation of performance of the Board, Directors, KMPs, SMPs and persons in senior management position to be carried out either by the Board, by the Committee or by an independent external agency.
 - a) Assessing the independence of independent Directors
 - b) Providing them reward, linked directly to their efforts, performance, dedication and achievement relating to the Company’s operations.
 - c) Retaining, motivating and promoting talent and to ensure long term sustainability of talented persons and create competitive advantage.
 - d) Such other key issues/matters as may be referred by the Board or as may be necessary in view of the provision of the Companies Act 2013 and Rules thereunder and the SEBI Listing Regulations, whenever applicable.

3) Scope of the Policy

The policy shall be applicable to the following in the Company:

- a) Directors



- b) KMPs
- c) SMPs
- d) Other employees of the Company

Provided,

“Key Managerial Personnel (KMP)” means key managerial personnel as defined under sub-section (51) of section 2 of the Companies Act, 2013 as under:

- (i) the Chief Executive Officer or the Managing Director or the Manager;
- (ii) the Company Secretary;
- (iii) the Whole-time director;
- (iv) the 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.

“Senior Management Personnel (SMP)/Senior Officials” means personnel of the Company who are members of its core management team excluding Board of Directors, comprising all members of management one level below the Executive Directors, including the functional heads.

4) Constitution of the Nomination and Remuneration Committee (“NRC” or “Committee”)

The NRC means a committee of Directors constituted under Section 178 of Companies Act, 2013, read with rules made thereunder.

- a) The Board shall determine the membership of the Committee.
- b) The Committee shall comprise of at least three members, all of whom shall be non- executive directors, and at least fifty percent of whom shall be independent directors.
- c) One of the independent non-executive directors shall be designated by the Board to serve as the Committee’s Chairman. Provided that the chairperson of the listed entity, whether executive or non-executive, may be appointed as a member of the Committee and shall not chair the Committee.

5) Letter of appointment

Letter of appointment shall be issued by the Company to each Director, KMP and SMP based on the recommendations of the NRC on the basis of the guidelines for the same under the Companies Act, 2013 and this Policy and shall be accepted and signed by the concerned person.

6) Appointment criteria and qualifications

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience for appointment to the position of Directors, KMPs, SMPs and others in senior management position.



- b) A potential candidate should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee shall review qualifications, expertise and experience, as well as the ethical and moral qualities possessed by such person, commensurate to the requirement for the position.
- c) The Committee shall determine the suitability of appointment of a Director by ascertaining the 'fit and proper criteria' of the candidate. The candidate shall, at the time of appointment, as well as at the time of renewal of directorship, fill in such form as approved by the Committee to enable the Committee to determine the 'Fit and Proper Criteria'. The indicative form to be filled out is placed as Annexure 1 to this policy. Further, the proposed person is assessed against a range of criteria which includes but are not limited to:
- Personality, skills and professional knowledge
 - Knowledge and experience relevant to the business of the Company
 - Understanding of and experience in performing his roles and responsibilities
 - Independence of judgment
 - Educational and professional qualification(s)
 - Past performance and credentials, behavior & conduct
 - Ability to work individually as well as a member of team
 - Ability to represent the Company
 - Interaction and relationship with the other members of the Board, KMPs and key stakeholders
 - Board room conduct
 - Communication skills
 - Ethics and Values
- d) The Company shall not appoint or continue the employment of any person as whole time director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
- e) The Committee shall ensure that there is an appropriate induction and training programme in place for new Directors, KMPs and SMPs.
- f) The Committee shall make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an executive Director as an employee of the Company subject to the provision of the law and their service contract.
- g) The Committee shall recommend any necessary changes to the Board.
- h) The Committee 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 to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
- use the services of an external agencies, if required;
 - consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - consider the time commitments of the candidate.



7) Independence of Directors

Independence of Directors is decided on the basis of criteria provided under the relevant provisions of the Companies Act, 2013, read with rules made thereunder, and any modification/amendments done from time to time and as envisaged under SEBI Listing Regulations. A declaration of independence is taken from the independent Directors at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director.

8) Term / Tenure

a) Managing Director/Whole-time Director

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

b) Independent Director

- i) An Independent Director shall hold office for a term up to five years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- ii) No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for re- appointment in the Company as Independent Director after the expiry of three years from the date of cessation as such in the Company. The Committee shall take into consideration all the applicable provisions of the Companies Act, 2013 and the relevant rules, as existing or as may be amended from time to time.

9) Remuneration

(i) Policy objectives

In discharging its responsibilities, the Committee shall have regard to the following policy objectives:

- i) To ensure the Company's remuneration structures are equitable and aligned with the long-term interests of the Company and its shareholders;
- ii) To attract and retain and motivate competent individuals;
- iii) To plan short and long-term incentives to retain talent;
- iv) To ensure that any severance benefits are justified.
- v) To ensure that the Directors, KMPs, SMPs and other senior official's salary is based and determined on the basis of individual's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any, including that the remuneration to be paid to the Managing Director ("MD") and/or whole-time director shall be in accordance with the percentage/ slabs/ conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013 and the rules made there under.
- vi) To ensure that individual remuneration packages for Directors, KMPs, SMPs and other persons in senior management are determined after taking into account relevant factors, including but not limited to:



- Qualification and experience
- Level of engagement in the affairs of the Company,
- Market conditions,
- Financial and commercial health of the Company,
- Practice being followed in comparable companies,
- Prevailing laws and government/other guidelines.

vii) The remuneration / compensation / commission etc. to the whole-time Director, KMP, SMP and other employees will be determined by the Committee and recommended to the Board for approval.

viii) Increments to the existing remuneration / compensation structure of the SMPs and other employees including the Functional Heads will be jointly decided by the Chairman and MD and Head- Human resources.

(ii) Remuneration Structure

The remuneration structure would normally depend upon the roles and responsibilities as well as the prevailing market practices. In normal circumstances, the remuneration of an individual shall be divided between fixed and variable components as required under the provisions of the Companies Act, 2013 and as envisaged in SEBI Listing Regulations

- i) **Base Compensation (fixed salaries):** This component of salary is competitive and reflective of the individual's role, responsibility and experience in relation to performance of day -to-day activities, usually reviewed on an annual basis. The base Compensation includes salary, allowances and other statutory/non-statutory benefits which are normal part of remuneration package in line with market practices.
- ii) **Variable salary:** A relevant part of remuneration is payable as variable salary linked to corporate and individual performance, fulfilment of specified improvement targets or the attainment of certain financial or other objectives set in this regard.
- iii) Any other component/benefits as may be recommended by the management and approved by the NRC.

10) Remuneration to whole-time/ managing Director, KMP and SMP:

- i) **Fixed pay** – The MD or CEO and/or whole-time Director, KMP and SMP shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee and the shareholders, wherever applicable. The breakup of the pay scale and quantum of perquisites including, employer's contribution towards provident fund, pension scheme, medical expenses, club fees and other perquisites shall be decided and approved by the Board on the recommendation of the Committee.
- ii) **Minimum Remuneration** – If in any financial year, the Company has no profits or its profits are inadequate, it shall pay remuneration to its MD or CEO and/or whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if the Company is not able to comply with such provisions, previous approval of the Central Government shall be required to be obtained.

11) Remuneration to non-executive / independent Director:

- i) **Remuneration** – The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and with the provisions of Companies Act, 2013 along with the rules made there under.
- ii) **Sitting Fees** – The non- executive/ independent Director may receive remuneration by way of fees for attending meetings of Board or committees of the Board to which they are appointed from time to time thereof. Provided that the amount of such fees shall not exceed the limits prescribed under Companies



Act, 2013.

12) Evaluation/ assessment of Directors

The evaluation/assessment of the Directors is conducted on an annual basis. The following criteria assists in determining how effective the performances of the Directors have been:

- i) Vision and clarity of roles & responsibility:
The Individual Director should have awareness of fiduciary and statutory requirements and a clearly articulated vision. This includes clarity of role as a member of the Board of the Company.
- ii) Board Processes:
The quality of board processes such as decision making (i.e. how directors ensure they are well informed to be able to make the decisions in the best interest of the Company and its stakeholders) selection and induction etc.
- iii) Engagement with Management:
How well the board engages with the management to ensure it is well supported and able to meet the needs of its members.
- iv) Board dynamics:
At the heart are the board dynamics. It is the quality of individual relationships and dialogues that directly influences the quality of decision making and relationships with key stakeholders.
- v) Frequency of participation:
The Individual should make him /her available for attending the Board meetings of the Company and be available for providing his/her guidance and support in case of need.



13) Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013 and rules made there under or under any other applicable law, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP, SMP or other person in senior management position, subject to the provisions and compliance of the Companies Act, 2013 and other applicable law.

14) Retirement

The Director, KMP, SMP or other person in senior management position, shall retire as per the applicable provisions of the Companies Act, 2013 along with the rules made there under and the prevailing policy of the Company. The Board will have the discretion to retain any Director, KMP, SMP or other person in senior management position, even after attaining the retirement age, for the benefit of the Company.

15) Minutes of Committee Meeting

Proceedings of all meetings must be recorded as minutes and signed by the chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

16) Disclosure of this policy

The policy shall be disclosed in the annual report of the Company, as required under Companies Act, 2013, rules made there under and the SEBI Listing Regulations, as amended from time to time and as may be required under any other law for the time being in force.

17) Review

The policy shall be reviewed by the Nomination & Remuneration Committee at appropriate intervals and based on its recommendations; the Board may revise the same from time to time.

18) Scope and limitation

In the event of any conflict between the provisions of this Policy and the Companies Act, 2013, rules made there under, the SEBI Listing Regulations or any other statutory enactments or rules as maybe applicable, the provisions of Companies Act, 2013, rules made there under, the SEBI Listing Regulations or any other statutory enactments or rules shall prevail over this Policy and the part(s) so repugnant shall be deemed to be severed from the Policy and the rest of the Policy shall remain inforce.