



STOVE KRAFT LIMITED

NOMINATION AND REMUNERATION POLICY



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Preamble

Stove Kraft Ltd, in its constant endeavour to ensure the all-round welfare of its Human Resources and their effective application towards the growth of the Company, has formulated the Nomination and Remuneration Policy in line with the requirements of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

Definitions

For the purposes of this policy:

“Act” means the Companies Act, 2023 as amended from time to time.

“Nomination and Remuneration Committee” or “Committee” shall mean a the Committee of the Board of Directors of the Company constituted under provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013.

“Board” means the Board of Directors of the SKL.

“Company” or “SKL” shall mean Stove Kraft Limited, wherever it is referred to in the Policy.

“Directors” shall mean the Directors of SKL.

“Key Managerial Personnel” or “KMP” shall mean key managerial personnel as defined under the Companies Act, 2013, which includes:

- (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 under Companies Act, 2013;

“Listing Regulations” means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

“Policy” shall mean the Nomination and Remuneration Policy.

“Senior Management” shall mean the officers and personnel of the Company 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.

Explanation: For the Company, Senior Management shall only include the following personnel:

- a. Chief Revenue Officer,
- b. Chief Human Resources Officer,
- c. Chief Operating Officer,
- d. Chief Growth Officer,
- e. Chief Financial Officer,
- f. Chief Product Officer
- g. Functional heads viz.,
 - Corporate Planning Head,
 - Head – Procurement
 - Head – Legal
 - Chief Business Analyst
- h. Company Secretary

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Act and Listing Regulations shall have the meaning respectively assigned to them therein.

Part- I: Role of the Nomination and Remuneration Committee:

The Board of Directors has entrusted the following responsibilities to the Committee:

1. Formulation of 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 of the directors, key managerial personnel and other employees;
2. At the time of appointment of an independent director, 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:
 - 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.
3. formulation of criteria for evaluation of performance of independent directors and the board of directors;
4. Devising a policy on diversity of board of directors;
5. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
6. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
7. Recommend to the board, all remuneration, in whatever form, payable to senior management.
8. Review of succession planning done by the management.
9. Administration and superintendence of Stove Kraft Employee Stock Option Plan 2018 in accordance with provisions of SEBI (Share Based Employee Benefits and Sweat

Equity) Regulations, 2021.

Part- II: Remuneration policy

A. Guiding Principles:

- The remuneration determined under this policy shall have a proper balance between fixed pay and performance based variable pay reflecting short term and long-term performance objectives and goals of the Company.
- The remuneration determined shall also ensure a direct relationship with key result areas and individual achievements and thereby strongly aligning with the interests of the Company's stakeholders.
- The level and composition of remuneration determined shall be reasonable and sufficient to attract, retain and motivate Directors and other personnel of the quality required to run the Company successful.

B. Remuneration Policy

The Committee shall recommend to the Board the remuneration / commission on Net Profit and perquisites in case of Managing Director and/or Executive Directors. For Non-Executive Directors, the Committee shall recommend to the Board the remuneration which would include commission and sitting fees payable. The acceptance of the recommendation of the Committee or any modifications thereof shall be at the discretion of the Board and after deliberation on the matter, the Board may approve the remuneration subject to the necessary approvals as required under the Companies Act, 2013 and rules made thereunder and the Listing Regulations and any statutory modifications thereto from time to time.

a) For Managing Director and the Executive Directors:

i. Fixed and Variable pay:

The Managing Director and the Executive Directors shall be eligible for a fixed monthly salary and perquisites as may be recommended by the Committee and approved by the Board. The break-up of the pay scale and quantum of perquisites including house rent allowance, leave travel assistance, employer's contribution to provident fund, gratuity fund, club fees, medical reimbursement, insurance, Company car with driver, telephone etc. shall be decided by the Board on recommendation of the Committee and shall be approved by the shareholders.

In addition to the fixed pay and perquisites stated above, the Managing Director and Executive Directors shall be entitled to variable pay or commission based on net profits of the Company at rates recommended by the Committee subject to the overall limits prescribed in the Act and necessary approvals as required thereunder from time to time.

ii. Minimum Remuneration:

If in any financial year, the Company has no profits or its profits are inadequate, it shall pay minimum remuneration to the Managing Director and Executive Directors in accordance with the provisions of the Act and Rules made thereunder.

iii. Excess Remuneration:

If the Directors receive, inadvertently or otherwise, any amount, directly or indirectly, by way of remuneration in excess of the limits prescribed under the Act, without the necessary approvals as prescribed under the Act, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.

The Company shall not waive recovery of such sum unless permitted by the Central Government.

iv. Sitting Fees:

The Managing Director and Executive Directors shall not be entitled to receive sitting fees.

The Non-Executive whether Independent or not, shall be entitled to receive sitting fees for attending meetings of the Board and Committees thereof. Provided that such fees shall not exceed the limits specified under the Companies Act, 2013 and Rules made thereunder.

The travelling and out of pocket expenses, if any, incurred by the Directors in the course of performing their duty as Directors of the Company shall be reimbursed to them.

Independent Directors shall not be eligible for employees' stock options.

b) For KMP and Senior Management:

The remuneration including annual increments, mid-term revisions and promotions of Senior Management / KMP not covered above, as the case may be, will be determined and approved by the Committee and Board. All remuneration shall be part of CTC (cost to company) arrangement with the Company which include fixed monthly basic salary, dearness allowance, house rent allowance, special allowance, etc., perquisites and benefits

as per Company Policy.

C) For Other Employees:

The Company has a detailed and structured appraisal system. Based on the review of performance through the appraisal process, the Company shall assess the employees' competencies, eligibility for promotion and increments. The MD, in consultation with CHRO and respective functional heads shall decide the annual increments / mid-term revisions of all employees except the Senior Management of the Company.

D) Employee Stock Options:

Executive Directors and permanent employees of the Company working in or outside India may be granted stock options subject to approval of the Committee and the Board.

Promoters or a person belonging to the Promoter Group; a Director who either by himself /herself or through his/her relatives or through any body corporate, directly or indirectly, holds more than 10% of the issued and subscribed Shares of the Company; and Independent Directors of the Company are within the meaning of the Companies Act, shall not be granted stock options.

In case of senior management personnel, ESOPs may be recommended by the Managing Director as part of the CTC offered, to attract top talent. In such cases, the ESOPs shall be granted post approval from Nomination and Remuneration Committee and the Board of Directors and the vesting period will commence after the Board and the Committee approves the grant of ESOPs.

In case of any employee, including senior management, ESOP grants during the tenure at the company may be issued subject to:

- a) Level and designation of employee;
- b) Number of ESOPS already granted, if any;
- c) Benchmarking with other employees of similar role, grade;
- d) Performance of the employee in both quantitative and qualitative terms /achievement of targets set by the management.

Part- III: Board Diversity

It shall be the endeavour of the Committee to ensure that the Board of the Company comprises of Directors having sufficient knowledge and experience in various fields such

as Finance, Legal, Marketing and such other field as may be advantageous to the Company to ensure wise guidance in the functioning and governing of the Company. The Committee shall review the constitution of the Board from time to time so as to ensure that the Board consists of members with diversified skills, knowledge, experience and expertise to meet or exceed the requirements of the Company's business.

Part- IV: Criteria for selecting Directors

A. Qualification, positive attributes and independence of Directors:

The Committee will identify persons with high educational qualification, rich experience and expertise, integrity, desirable personal traits and leadership qualities and recommend to the Board for appointment as Director, KMP or at Senior Management level. The proposed appointee shall possess appropriate skills, knowledge, experience in one or more fields of finance, accounts, audit, law, management, sales, marketing, administration, research, corporate governance, technical operation or other disciplines related to the Company's business. The Committee shall have the discretion to decide on the age, qualification, expertise and experience to be possessed by the appointee for the concerned position depending up on the circumstances of each case.

The Director to be appointed shall be a person adhering to all the eligibility norms as specified under the Companies Act, 2013 and the Rules made thereunder or any statutory modifications thereof from time to time, including the norms for maximum number of directorships, and shall not be a person disqualified under the section 164 of the said Act.

- **Managing Director and Executive-Directors:**

The Company shall appoint or continue the employment of any person as Managing Director and Executive Directors who have attained the age of twenty-one years and have not attained the age of seventy years.

Provided that appointment/ continuing the term of a person who has attained the age of seventy years may be made by passing a special resolution in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person.

- **Independent Directors**

In case of appointment of Independent Directors, it shall be ensured that the proposed appointee is not serving as an Independent Director in more than six listed companies (other than SKL) and in case he/she is serving as a whole-time director in any listed company, it shall be ensured that he/she is not serving as independent director in more than three listed companies (other than SKL). Further, the person to be appointed shall

conform to the norms for an independent director specified under section 149(6) of the Companies Act, 2013 and the Rules made thereunder and under the Listing Regulations or any statutory modifications to the same made from time to time.

Every independent director of the Company shall, on the first meeting of the Board in which he participates and thereafter the first meeting of the Board in every financial year or whenever there is a change in his/her status as an independent director, give a declaration that he meets the criteria of independence as provided under section 149(6) of the Act.

- **Non-Executive Directors:**

The criteria as specified in the above paragraphs shall mutatis mutandis be applicable to non-executive, non-independent directors as well and they shall be liable to retire by rotation.

Provided that appointment/ continuing the term of a person who has attained the age of seventy – five years may be made by passing a special resolution in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person.

Tenure:

a) **Managing Director/ Executive Directors:**

The Company shall appoint 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 shall be made earlier than one year before the expiry of term.

b) **Independent Director:**

An Independent Director shall hold office for a term up to five consecutive 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.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

Independent Directors shall not be liable to retire by rotation.

B. Retirement:

The Directors shall be liable to retire as per the provisions of the Act and rules made thereunder, and the KMP and senior management as per the prevailing employees' retirement policy of the Company. However, the Board shall have the discretion to retain any Director (other than an Independent Director), KMP, Senior Management personnel even after he/she has attained the retirement age, as it deems fit, for the benefit of the Company, subject to compliance with applicable laws.

C. Succession:

The constitution of the Board and the KMPs of the Company shall be in such a manner that it consists of a combination of persons of different age groups and possessing expertise and skill in the various areas and fields required for the effective running of the Company so as to ensure smooth succession at all times.

Part- V: Performance Evaluation

A. Performance evaluation of the Board/any committee:

The Committee shall carry out the evaluation of effectiveness of the Board and all Committees of the Board and their functioning on an annual basis. The functioning of the Board shall be evaluated on the basis of its effectiveness with regard to achievement of the short, medium and long term goals of the Company.

B. Performance evaluation of Directors:

The Committee will carry out the performance evaluation of all Directors on annual basis. The evaluation criteria shall include measures to test the participation and contribution of the Directors, integrity, skill, expertise, commitment and diligence. The committee shall carry out the evaluation of every Director's performance in which the Director being evaluated shall not participate.

Further, the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the Director being evaluated.

On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent Director.

The Directors shall be evaluated with regard to their adherence to and compliance with

the professional conduct, role, functions and duties as specified in the Code for Independent Directors in the Schedule IV of Companies Act, 2013 including any statutory modifications made thereto from time to time. The feedback forms containing the criteria for evaluation are attached.

C. Removal:

The Committee may, before the expiry of the term, recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel, where he/ she has attracted any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder.

Provided that the aforesaid recommendation shall be subject to the provision and compliance with the said Act, rules or regulations.

Part VI: Other Provisions

Amendments:

Any amendments to this Policy, subject to the Act, the rules made thereunder and the provisions of the listing agreement / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 listing regulations shall be made only by the Board of Directors of the Company on recommendation of the Committee.

Amended at the Board meeting held on 29 March 2023.

EVALUATION OF PERFORMANCE OF THE BOARD
(By all the Directors)

No.	Parameters to be Evaluated	Ratings				
		1. Outstanding, 2.Exceeds Expectation, 3. Meets Expectation, 4. NeedsImprovement, 5. Poor (Kindly Tick the appropriate rating)				
		1	2	3	4	5
Board Composition & Quality						
1	The Board has appropriate expertise and experience to meet the best interests of the company					
2	The board has appropriate combination of industry knowledge and diversity.(Gender, Experience, Background)					
3	All the independent directors are independent in true letter and spirit i.e. whether the independent Director has given declaration of independence and they exercise their own judgement, voice their concerns and act freely from any conflicts of interests.					
4	Board members demonstrate highest level of integrity (including maintaining confidentiality and identifying, disclosing and managing conflicts of interests.)					
5	The Board members spend sufficient time in understanding the vision, mission of the company and strategic and business plans, financial reporting risks and related internal controls and provides critical oversight on the same.					
6	The Board understands the legal requirements and obligations under which they act as a Board; i.e. bylaws, corporate governance manual etc. and discharge their functions accordingly.					
7	The Board has defined its stakeholders and has appropriate level of communication with them.					
8	The board monitors compliances with corporate governance regulations and guidelines.					
9	An effective succession plan of board in place.					
10	The Board has the proper number of committees as required by legislation and guidelines, with well-defined terms of reference and reporting requirements.					
11	The process of appointment of the Board of Directors is clear and Transparent. Such procedure consider diversity of thought, experience, Knowledge, perspective and gender.					

12	Board sets a Corporate Culture and the Values by which executives throughout a group shall behave.					
13	The Board has set its goals and measures its performance against them on Annual Basis.					
Board Meetings and Procedures						
1	The Annual Calendar of Board meetings is communicated well in advance and reviewed from time to time.					
2	The Board meeting agenda and related background papers are concise and provide information of appropriate quality and detail.					
3	Adequacy of attendance and participation by the board members at the board meetings.					
4	The Board meetings encourage a high quality of discussions and decision making.					
5	Openness to ideas and ability to challenge the practices and throwing up new ideas.					
6	The amount of time spent on discussions on strategic and general issues is sufficient.					
7	How effectively does the Board works collectively as a team in the best interest of the company.					
8	The minutes of Board meetings are clear, accurate, consistent, complete and timely.					
9	The actions arising from board meetings are properly followed up and reviewed in subsequent board meetings.					
10	All proceedings and resolutions of the Board are recorded accurately, adequately and on a timely basis					
11	Whether adequate Secretarial and Logistical support is available for conducting Board Meeting					
Board Development						
1	Appropriateness of the induction programme given to the new board members.					
2	Timeliness and appropriateness of ongoing development programmes to enhance skills of its members					
Board Strategy and Risk Management						
1	Engaging with management in the strategic planning process, including corporate goals, objectives and overall operating and financial plans to achieve them.					

2	The Board has sufficient understanding of the risk attached with the business structure and the Board uses appropriate risk management framework and whether board reviewed and understood the risks provided in the internal audit report and the management is taken sufficient steps to mitigate the risk.					
3	Monitoring the implementation of the long term strategic goals.					
4	Appropriateness of effective vigil mechanism.					
5	The Board discusses thoroughly the annual budget of the Company and its implications before approving it.					
6	Monitoring the company's internal controls and compliance with applicable laws and regulations					

	Outstanding	Exceeds Expectation	Meets Expectation	Needs Improvement	Poor
Overall rating of Board performance					

Comments:

Please suggest three things that could improve Board's performance and also how can the board do it better or differently.

a) _____

b) _____

c) _____

Date:

Signature : _____

Name :

EVALUATION OF COMMITTEES OF THE BOARD
(By all the Board Members)

No.	Parameters to be Evaluated	Ratings				
		1. Outstanding, 2.Exceeds Expectation, 2. 3. Meets Expectation, 4. Needs Improvement, 5. Poor (Kindly Tick the appropriate Rating)				
		1	2	3	4	5
Composition of Committees & Quality						
Function and Duties						
1	The Committees of the Board are appropriately constituted.					
2	The terms of reference for the committees are appropriate with clear defined roles and responsibilities					
3	The composition of the committees is in compliance with the legal requirement					
4	The amount of responsibility delegated by the Board to each of the committees is appropriate					
5	The committee regularly reviews its mandate and performance.					
6	Committee takes effective and proactive measures to perform its functions					
Management Relations						
1	Committees give effective suggestion and recommendation and such suggestions and recommendations contributes effectively to the decision of Board					
2	Committees meetings are conducted in a manner that encourages open communication and meaningful participation of its members.					
Committee Meetings and Procedures						
1	Committees meetings have been organized properly and appropriate procedures were followed in this regard.					
2	The frequency of the Committees meetings is adequate.					
3	Committees makes periodically reporting to the Board along with its suggestions.					

	Outstand ing	Exceeds Expectation	Meets Expectation	Needs Improvement	Poor
Overall rating of Board performance					

Please suggest three things that could improve Board's performance and also how can the Committees do it better or differently.

a) _____

b) _____

c) _____

Date:

Signature : _____

Name :

CHAIRPERSON ASSESSMENT
(By all Board Members)

Name of the Director:
Category: Chairperson

No.	Parameters to be Evaluated	Ratings				
		1. Outstanding, 2. Exceeds Expectation, 3. Meets Expectation, 4. Needs Improvement, 5. Poor (Kindly Tick the appropriate Rating)				
		1	2	3	4	5
Managing Relationships						
1	The Chairperson actively manages shareholder, board, management and employee relationships and interests.					
2	The Chairperson manages meetings effectively and promotes a sense of participation in all the Board meetings.					
Leadership						
1	The Chairperson is an effective leader.					
2	The Chairperson promotes effective participation of all Board members in the decision making process.					
3	The Chairperson promotes the positive image of the Company.					
4	The Chairperson promotes continuing training and development of directors.					
5	The Chairperson is impartial in conducting discussions, seeking views and dealing with dissent in the Board Meeting.					

	Outstanding	Exceeds Expectation	Meets Expectation	Needs Improvement	Poor
Overall rating of Chairperson performance					

Comments:

Date:

Signature : _____

Name : _____

MANAGING DIRECTOR / EXECUTIVE DIRECTOR ASSESSMENT FORM
(By all the Board members)

[illegible]

Strategy execution											
1	The ED / MD has established an effective organization structure, ensuring that there is management focus on key functions necessary for the organization to align with its mission.										
2	The ED / MD has consistently made sound decisions and made timely adjustments in strategies, if required.										
3	The ED / MD has ensured that the company's operations complied with requirements from all pertinent laws and regulations.										
Financial planning / performance											
1	The ED / MD has possessed a good understanding of the company's financial measures relevant to its business and financial situation.										
2	The ED / MD has exercised good judgment in managing the financial affairs and budgets of the organization.										
Relationships with the Board											
1	The ED / MD has demonstrated a sound knowledge of Board governance procedures and has consistently followed them.										
2	The ED / MD has presented information to the board on items requiring Board opinions and decisions in a professional manner, with recommendations based on thorough study and sound principles.										
Personal Qualities											
1	The ED / MD has shown skills at analysing and addressing problems, challenges and conflicts, and has been comfortable with ambiguity and complexity.										
2	The ED / MD has maintained a high standard of ethics and integrity, as well as a healthy balance of time management and priorities in both work-related and personal matters.										

Product and Service Knowledge											
1	The ED / MD has demonstrated a thorough knowledge and understanding about key aspects of the Company's products and services.										
2	The ED / MD has a good understanding of the company's business model and allocation of its resources, as well as business and industry environment										

	Outstanding	Exceeds Expectation	Meets Expectation	Needs Improvement	Poor
Overall rating of Executive Director's / Managing Director performance					

Comments: _____

Please suggest three things to improve their performance.

a) _____

b) _____

c) _____

Date:

Signature : _____

Name :

**NON-EXECUTIVE DIRECTOR EVALUATION FORM
(OTHER THAN THE EVALUATOR)**

Name of the Director:
Category: Independent

No.	Parameters to be Evaluated	Ratings 1. Outstanding, 2. Exceeds Expectation, 3. Meets Expectation, 4. Needs Improvement, 5. Poor (Please Tick the appropriate Rating)				
		1	2	3	4	5
Participation at Board / Committee Meetings						
1	Director comes well prepared and informed for the Board / committee meeting(s).					
2	Director has ability to remain focused at a governance level in Board/ Committee meetings.					
3	Director's contributions at Board / Committee meetings are of high quality and innovative.					
4	Director's proactively contributes in to development of strategy and to risk management of the Company.					
Knowledge and Skill						
1	Director understands governance, regulatory, financial, fiduciary and ethical requirements of the Board / Committee					
2	Director actively and successfully refreshes his/ her knowledge and skills and up to date with the latest developments in areas such as corporate governance framework, financial reporting and the industry and market conditions.					
3	Director listens and takes on Board the views of other members of Board					
4	Director has maintained high standard of ethics and integrity.					

	Outstanding	Exceeds Expectation	Meets Expectation	Needs Improvement	Poor
Overall rating of Directors performance					

Comments:.

Please suggest three things that could improve Board's performance.

a) _____

b) _____

c) _____

Date:

Signature : _____

Name :