



**NOMINATION**

**AND**

**REMUNERATION**

**POLICY**

**OF**

**SHARDA CROPCHEM**

**LIMITED**



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**SHARDA CROPCHEM LIMITED**

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**NOMINATION AND REMUNERATION POLICY:**

**1. Preamble:**

Pursuant to Section 178 of the Companies Act, 2013 and the Rules framed thereunder (the “Act”) and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”) (as amended from time to time), the Board of Directors of every listed company is required to constitute the Nomination and Remuneration Committee.

**2. Objective:**

In order to comply with the requirements of Section 178 of the Act and Regulation 19 of the Listing Regulations and any other applicable provisions, the Nomination and Remuneration Committee of the Board of Directors of the Company (the “Committee”) had formulated the Nomination & Remuneration Policy of our Company (“Policy”).

The objective of the Committee would be:

- a) To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive / Non-Executive) and recommend to the Board of Directors of the Company (the “Board”), policies relating to the remuneration (payable in whatever form) of the Directors, Key Managerial Personnel and other employees;
- b) To formulate criteria for evaluation of the members of the Board and provide necessary report to the Board for further evaluation of the Board;
- c) To provide Key Managerial Personnel and Senior Management rewards linked directly to their effort, performance, dedication and achievement relating to the Company’s operations;
- d) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage;
- e) To devise a Policy on Board Diversity;
- f) To develop a succession plan for the Board and to regularly review the plan;
- g) To determine whether to extend or continue the term of appointment of the Independent Director(s), on the basis of the report of performance evaluation of Independent Directors.

**3. Definitions:**

“**Act**” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

“**Remuneration**” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.



“**Key Managerial Personnel**” in relation to a Company means:

- i. Managing Director, or Chief Executive Officer or Manager;
- ii. Company Secretary;
- iii. Whole-time Directors;
- 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.

“**Senior Managerial Personnel**” means personnel of the company who are members of its core management team excluding Board of Directors. This would comprise of all members of management one level below the executive directors including all functional heads.

#### **4. Role of the Committee:**

**4.1** The role of the Committee inter alia will be the following:

- To fix and finalise remuneration including salary, perquisites, benefits, bonuses and allowances;
- To frame suitable policies;
- To fix performance linked incentives along with the performance criteria;
- To fix Increments and promotions;
- To enter into Service contracts, notice period, severance fees;
- To make Ex-gratia payments;
- To formulate detailed terms and conditions of employee stock option schemes including details pertaining to quantum of options to be granted, conditions for lapsing of vested options, exercise period, adjustments for corporate actions and procedure for cashless exercise and perform such other functions as are required to be performed by the Remuneration Committee under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended (“**ESOP Guidelines**”), in particular, those stated in Clause 5 of the ESOP Guidelines;
- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;



- To formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors;
- To devise a policy on Board diversity;
- To Identify 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 their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report;
- To identify whether to extend or continue the term of appointment of independent directors on the basis of the report of performance evaluation of independent directors;
- To recommend to the board, all remuneration, in whatever form, payable to senior management; and
- To carry out such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

#### **4.2 Policy for appointment and removal of Director, Key Managerial Personnel And Senior Management:**

##### **4.2.1 Appointment criteria & qualification:**

- a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his/her appointment, as per Company's Policy. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the position.
- b. 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.
- c. The Company shall not recommend or appoint or continue the employment of any person as the Managing Director, Whole-time director or Manager within the meaning of the Act, who has attained the age of 70 (seventy) years. Provided that the appointment of such a person who has attained the age of 70 (seventy) years shall be made with the approval of the Shareholders by passing a special resolution, based on the explanatory statement annexed to the notice for the Meeting of the Shareholders for such motion indicating the justification for appointment or extension of appointment beyond the age of 70 (seventy) years.



#### **4.2.2 Term/Tenure:**

##### **a. Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its 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 of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. However during the said period of three year he/she should not be associated with the Company in any capacity whether directly or indirectly.

At the time of appointment of Independent Director(s) it should be ensured that number of Boards on which such Independent Director serves is restricted to 7 (seven) listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act or the Listing Regulations.

#### **4.2.3 Evaluation:**

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary.

#### **4.2.4 Removal:**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013, rules and listing regulations and the policy of the Company.

#### **4.2.5 Retirement:**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.



#### **4.3 Policy for remuneration to Directors/KMP/Senior Management Personnel:**

##### **4.3.1 Remuneration to Managing Director/Whole Time Directors/KMP and Senior Management Personnel:**

###### **a. Fixed Pay:**

The Whole-time Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

###### **b. Minimum Remuneration:**

If in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Section 197 and Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

###### **c. Provisions for excess remuneration:**

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, 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 refundable to it unless permitted by the Central Government.

###### **d. Incentive Pay:**

The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

##### **4.3.2 Remuneration to Non-Executive/Independent Director:**

###### **a. Remuneration/Commission:**

The remuneration/commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.



**b. Sitting Fees:**

The Non-Executive/Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof.

Provided that the amount of such fees shall not exceed Rs. 1,00,000/- per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

**c. Commission:**

Commission may be paid as a part of remuneration within the monetary limit as per the applicable provisions of the Act.

**d. Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company.

**5. Membership:**

- The Committee shall consist of at least three directors, all of whom shall be non-executive Directors and at least half shall be Independent Directors.
- The Board shall reconstitute the Committee as and when required to comply with the provisions of the Act and the SEBI Listing Regulations.
- The quorum for the Meeting of the Nomination and Remuneration Committee shall either be two members or one third of the total strength of the Committee, whichever is higher (including at least one independent director in attendance).
- Membership of the Committee shall be disclosed in the Annual Report.
- Term of the Committee shall be continued unless terminated by the Board of Directors.

**6. Chairperson:**

- a. Chairperson of the Committee shall be an Independent Director.
- b. Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- c. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- d. Chairman of the Nomination and Remuneration Committee meeting could be present at the annual general meeting or may nominate some other member to answer the shareholders' queries.



**7. Policy on Board diversity:**

The Board of Directors shall have the optimum combination of Directors from the different areas/fields like production, Management, Quality Assurance, Finance, Sales and marketing, Supply chain, Research and Development, Human Resources etc or as may be considered appropriate. The Board shall have at least one Board member who has accounting or related financial management expertise and at least three members who are financially literate.

**8. Frequency of Meeting:**

The Nomination and Remuneration Committee shall meet at least once a year.

**9. Committee Members Interests:**

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

**10. Secretary:**

The Company Secretary of the Company shall act as the Secretary of the Committee.

**11. Minutes of the Committee Meeting:**

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting.

This Policy was updated in Board Meeting dated 22<sup>nd</sup> January, 2020.