

# RAJSHREE SUGARS & CHEMICALS LIMITED

## NOMINATION & REMUNERATION POLICY

### 1. Introduction

The Company considers human resources as its invaluable assets and pays equitable remuneration to all Directors, Key Managerial Personnel (KMP), Senior Management Personnel and employees of the Company in order to harmonize the aspirations of human resources consistent with the goals of the Company.

This Policy is formulated by Nomination & Remuneration Committee and approved by the Board of Directors, in terms of the provisions of the Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements (LODR)) Regulations, 2015.

### 2. Objective and purpose of the Policy

This Policy is in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and SEBI (LODR) Regulations 2015.

The objective and purpose of this policy are:

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

### 3. Effective Date

This Policy was formulated by the Nomination & Remuneration Committee and adopted by the Board of Directors at its meeting held on 24<sup>th</sup> July 2014. The Policy has been subsequently modified on 14<sup>th</sup> May 2018 and 14<sup>th</sup> February 2019 and duly adopted by the Board.

This revised policy shall be effective from 1<sup>st</sup> April 2019. This Policy will supersede all the earlier policies, approved and adopted in this regard.

### 4. Definitions

- a) 'Board' means Board of Directors of the Company.
- b) 'Directors' mean Directors of the Company.
- c) 'Committee' means Nomination and Remuneration Committee of the Company.
- d) 'Independent Director' means a Director referred to in Section 149 (6) of the Companies Act, 2013 and Regulation 16(b) of SEBI (LODR) Regulations, 2015.
- e) 'Key Managerial Personnel' (KMP) means –

- i) Chief Executive Officer or the Managing Director
  - ii) Wholetime Director
  - iii) Chief Financial Officer
  - iv) Company Secretary
  - 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
- f) 'Senior Management Personnel' – mean officers/personnel of the Company who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the “chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer
- g) Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI (LODR) Regulations, 2015 or any other applicable law or regulation.

## **5. Applicability**

This Policy is applicable to ;

- a) Directors (Executive and Non-Executive)
- b) Key Managerial Personnel and
- c) Senior Management Personnel

This Policy is not intended to conflict with any applicable laws or regulations and if any such conflict occurs the requirements of the law or regulation shall prevail.

## **6. Role of Committee**

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

- a) 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.
- b) to specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
- c) 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 for the directors, key managerial personnel and other employees. While formulating the said Policy, it shall ensure that;

- i. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
  - ii. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - iii. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:
- d) formulation of criteria for evaluation of performance of independent directors and the board of directors;
  - e) to recommend to the board, all remuneration, in whatever form, payable to Directors / Key Management Personnel and Senior Management Personnel.
  - f) 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.
  - g) to devise a policy on Board diversity;
  - h) to develop a succession plan for the Board, Key Managerial Personnel & Senior Management Personnel and to regularly review the plan;
  - i) To recommend Professional indemnity and liability insurance for Directors, Key Managerial Personnel and Senior Management Personnel, if required under the law.
  - j) Considering any other matters as may be requested by the Board.

**7. Appointment and removal of Director, Key Managerial Personnel and Senior Management Personnel.**

- 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.
- b) A person should possess adequate qualification, expertise and experience for the position he /she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
- c) The Company shall not appoint / continue the appointment, with effect from 1<sup>st</sup> April 2019, of a non-executive Director who has attained the age of 75 years, except with the approval of the shareholders by way of special resolutions.
- d) The Company shall not appoint any person as Whole-time Director / Managing Director who has not completed the age of 21 years.
- e) The Company shall not appoint or continue the employment of any person as Whole-time Director / Managing 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.

- f) Senior management shall abide by code of conduct and affirm compliance with the code of conduct on an annual basis;
- g) Senior management shall make disclosures to the Board of Directors relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large

## **8. Term / Tenure**

### a) Number of Directorships:

The following conditions should be verified while appointing a person as a Director:

A person shall not be a director in more than eight listed entities and in not more than seven listed entities with effect from April 1, 2020:

Provided that a person shall not serve as an independent director in more than seven listed entities.

Notwithstanding the above, any person who is serving as a whole time director / managing director in any listed entity shall serve as an independent director in not more than three listed entities.

### b) Managing Director/Whole-time Director:

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.

### c) Independent Director:

An Independent Director shall hold office for a term up of 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.

## **9. 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.

## **10. Removal**

The Committee may recommend 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 regulations and the policy of the Company.

## 11. 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.

## 12. Policy for remuneration to Directors/KMP/Senior Management Personnel

### a) Remuneration to Managing Director / Whole-time Directors:

- i. The Remuneration/Commission etc., to be paid to Managing Director /Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
- ii. The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.
- iii. The approval of the shareholders by special resolution shall be required for the fees or compensation payable to executive directors who are promoters or members of promoter group in case in excess of thresholds, as detailed below:

In case the Company has 1 executive director who is a promoter or member of promoter group: Rupees 5 crore or 2.5 per cent of the net profits of the Company, whichever is higher.

(or)

In case Company has more than 1 executive director who are promoters or members of promoter group: 5 per cent of the net profits of the Company.

### b) Remuneration to Non- Executive / Independent Directors:

- i) The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- ii) All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.

- iii) The approval of shareholders by special resolution, every year, is required; in the case of the annual remuneration payable to a single non-executive Director exceeds fifty per cent of the total annual remuneration payable to all non-executive Directors.
  - iv) An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.
  - v) Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (ii) above if the following conditions are satisfied:
    - a) The Services are rendered by such Director in his capacity as the professional; and
    - b) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.
  - vi) The Compensation Committee of the Company, constituted for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share based payments to be made to Directors (other than Independent Directors).
- c) Remuneration to Key Managerial Personnel and Senior Management:
- i) The remuneration to Key Managerial Personnel / Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
  - ii) The Compensation Committee of the Company, constituted for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share based payments to be made to Key Managerial Personnel / Senior Management / Other employees.
  - iii) The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from to time.
  - iv) The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel / Senior Management / other employees, to be decided annually or at such intervals as may be considered appropriate.

### **13. Implementation**

- a) The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
  - b) The Committee may Delegate any of its powers to one or more of its members.
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