



SHREE RENUKA SUGARS LIMITED

Nomination and Remuneration Policy

Nomination and Remuneration Policy

[Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement]

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement, as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration/Compensation Committee (NRC or the Committee) and has been approved by the Board of Directors of the Company.

1. Definitions

- 1.1 “**Act**” means Companies Act, 2013 and rules framed thereunder as amended from time to time.
- 1.2 “**Board of Directors**” or “**Board**”, in relation to the company, means the collective body of the Directors of the Company.
- 1.3 “**Committee**” or “**NRC**” means Nomination and Remuneration/Compensation Committee of the Company as constituted or reconstituted by the Board.
- 1.4 “**Company**” means “**Shree Renuka Sugars Limited**”.
- 1.5 “**Managerial Personnel**” means Managerial Personnel or Persons, applicable under Section 196 and other applicable provisions of the Companies Act, 2013.
- 1.6 “**Policy**” or “**This policy**” means Nomination and Remuneration Policy.
- 1.7 “**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.
- 1.8 “**Independent Director**” means a Director referred to in Section 149 of the Companies Act, 2013 and the Listing Agreement entered into by the Company with the Stock Exchanges.

1.9 “**Key Managerial Personnel**” (KMP) means

- a) The Chief Executive Officer or the Managing Director or the Manager and in their absence the Whole-time Director;
- b) The Company Secretary and
- c) The Chief Financial Officer

1.10 “**Senior Management**” means Senior Management means the 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.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and the Listing Agreement as may be amended from time to time shall have the meaning respectively assigned to them therein.

2. **Objective**

The Nomination and Remuneration/Compensation Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement entered into by the Company with the Stock Exchanges or any other applicable law(s) or regulation(s). The objective of this policy is to lay down a framework in relation to remuneration of Directors, KMP, senior management personnel and other employees. The Key Objectives of the Committee would be:

- 2.1 To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- 2.2 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 Directors, key managerial personnel and other employees.
- 2.3 Formulation of criteria for evaluation of Independent Director and the Board.

- 2.4 To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 2.5 To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- 2.6 To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 2.7 To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- 2.8 To develop a succession plan for the Board and to regularly review the plan.
- 2.9 To assist the Board in fulfilling responsibilities.
- 2.10 To Implement and monitor policies and processes regarding principles of corporate governance.

3. Appointment and removal of Managerial Personnel, Director, KMP and Senior Management

3.1 Appointment Criteria and Qualifications

- 3.1.1 The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Managerial Personnel, Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- 3.1.2 A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

- 3.1.3 Appointment of Independent Directors is also subject to compliance of provisions of Section 149 of the Act read with Schedule IV and rules thereunder and the Listing Agreement Listing Agreement entered into by the Company with the Stock Exchanges.
- 3.1.4 The Company shall not appoint or continue the employment of any person as Managerial Personnel who has attained the age of 70 years. Provided that the term of the person holding this position may be extended beyond the age of 70 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 70 years.

4. Term / Tenure

4.1 Managerial Personnel:

The Company shall appoint or re-appoint any person as its Managerial Personnel 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.

4.2 Independent Director:

An Independent Director shall hold office for a term up to 5 consecutive years on the Board of the Company and will be eligible for reappointment 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 2 consecutive terms, but such Independent Director shall be eligible for appointment after expiry of 3 years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of 3 years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted as per the provisions of the Act and Listing Agreement, as amended from time to time.

The maximum tenure of Independent Directors shall also be in accordance with the Companies Act, 2013 and clarifications/ circulars issued by the Ministry of Corporate Affairs, in this regard, from time to time.

5. Retirement:

Any Director other than the Independent Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

6. Evaluation:

The Committee shall carry out evaluation of performance of every Managerial Personnel, Director, KMP and Senior Management on yearly basis.

7. Removal

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Managerial Personnel, Director, KMP or Senior Management subject to the provisions of Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.

8. Remuneration of Managerial Personnel, KMP and Senior Management:

8.1 The Remuneration / Compensation / Commission etc. to Managerial Personnel, KMP and Senior Management will be determined by the Committee and recommended to the Board for approval. The Remuneration / Compensation / Profit Linked Incentive etc. to be paid for Managerial Personnel shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

8.2 The remuneration and commission to be paid to Managerial Personnel shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

- 8.3 Managerial Personnel, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. The break-up 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 on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
- 8.4 If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.
- 8.5 If any Managerial Personnel draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 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.
- 8.6 Where any insurance is taken by the Company on behalf of its Managerial Personnel, KMP and Senior Management for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel subject to the provisions of the Act.
- 8.7 Only such Employees / Directors of the Company and its subsidiaries as approved by the Nomination and Remuneration/Compensation Committee will be granted ESOPs.

9. Remuneration to Non-Executive / Independent Directors:

9.1 Remuneration / Commission:

The remuneration/commission shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

9.2 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 the maximum amount as provided in the Act per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

9.3 Limit of Remuneration / Commission:

Remuneration / Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% / 3% of the net profits of the Company, respectively or such other limits as may be prescribed.

10. Duties in relation to nomination matters:

The duties of the Committee in relation to nomination matters include:

- 10.1 Determining the appropriate size, diversity and composition of the Board;
- 10.2 Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- 10.3 Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- 10.4 Identifying and recommending Directors who are to be put forward for retirement by rotation;
- 10.5 Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- 10.6 Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;

- 10.7 Making 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.
- 10.8 Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- 10.9 Recommend any necessary changes to the Board; and
- 10.10 Considering any other matters, as may be requested by the Board.

11. Duties in relation to remuneration matters:

The duties of the Committee in relation to remuneration matters include:

- 11.1 Considering and determining the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract, retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- 11.2 Approving the remuneration of the Directors, Senior Management including KMP of the Company maintaining a balance between fixed and incentive pay, if any, reflecting short and long term performance objectives appropriate to the working of the Company.
- 11.3 Delegating any of its powers to one or more of its members or the Secretary of the Committee.
- 11.4 Considering any other matters as may be requested by the Board.

12. Review and Amendment to the policy:

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration/Compensation Committee can amend this Policy, as and when deemed fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), Clarification, circular(s) etc.