



NOMINATION

AND

REMUNERATION

POLICY

SHARDA CROPCHEM
LIMITED



SHARDA CROPCHEM LIMITED

NOMINATION AND REMUNERATION POLICY:

The Remuneration Committee of Sharda Cropchem Limited (“the Company”) was constituted on December 16, 2015 consisting of three Independent Directors. In order to align with the provisions of the Company Act, 2013 and the Listing Agreement, the Board of Directors on June 3, 2015 changed the nomenclature of the “Remuneration Committee” as “Nomination and Remuneration Committee”

1. Objective

The Nomination and Remuneration Committee & this Policy is 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.

The objective of the Committee would be

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To devise a policy on Board diversity

2. 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; and
- v. 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.



3. Role of the Committee

3.1. 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 Independent Directors and the Board
- 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; 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

3.2 Policy for appointment and removal of Director, Key Managerial Personnel And Senior Management:

3.2.1 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.



3.2.2 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

3.2.3 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.

3.2.4 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 regulations and the policy of the Company.

3.2.5 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.

3.3 Policy for remuneration to Directors/KMP/Senior Management Personnel

3.3.1 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 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.

3.3.2 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. One Lac 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 within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed 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.



4. Membership

- The Committee shall consist of minimum of three non-executive directors, majority of them being independent;
- Minimum two (2) members shall constitute a quorum for the Committee meeting;
- 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.

5. 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 atleast one Board member who has accounting or related financial management expertise and atleast three members who are financially literate.

6. Frequency of Meeting

The meeting of the Committee shall be held at such regular intervals as may be required.

7. 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.

8. Secretary

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

9. Minutes of the Committee Meeting

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