

# **SBEC SUGAR LIMITED**

## **NOMINATION & REMUNERATION POLICY**

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#### **PREAMBLE**

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all the Directors, Key Managerial personnel and employees of the Company and in terms of Section 178 of the Companies Act, 2013 and Regulation 19(4) of SEBI LODR Listing Regulations, 2015, this policy on nomination and remuneration of Directors, Key Managerial personnel (KMP) and Senior Management has been formulated by of the Nomination and Remuneration Committee ("NRC") as approved by the Board of Directors of the Company.

#### ***CONSTITUTION OF COMMITTEE***

The Board of Directors of the Company (the Board) constituted the Committee be known as the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than half are independent Directors. The Chairman of the Committee is an Independent Director. However, the Chairperson of the Company (whether executive or non-executive) may be appointed as member of the NRC but shall not chair such Committee.

#### ***OBJECTIVE***

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19(4) of SEBI LODR Listing Regulations, 2015. The Key Objectives of the Committee would be:

- 1.1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- 1.2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 1.3. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- 1.4. 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.

1.5.To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

1.6.To devise a policy on Board diversity

1.7.To develop a succession plan for the Board and to regularly review the plan;

#### **APPLICABILITY**

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

#### **DEFINITIONS**

“Act” means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

“Board” means Board of Directors of the Company.

“Directors” mean Directors of the Company.

“Key Managerial Personnel” means

- i. Chief Executive Officer or the Managing Director or the Manager and in their absence, a whole time Director;
- ii. Chief Financial Officer;
- iii. Company Secretary;
- iv. such other officer as may be prescribed.

#### ***Policy for appointment and removal of Director, KMP and Senior Management***

##### ***1. Appointment criteria and qualifications***

- 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 to the Board his / her appointment.
- b) 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.

- c) 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 based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

## **2. Term / Tenure**

### **a) 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.

### **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. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he/ she shall be eligible for appointment for one more term of 5 years only.

-At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to 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.

## **3. Evaluation**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

## **Broad Criteria for Evaluation the performance of Independent Directors;**

**Role & Accountability:** The Independent Director understands their nature, risks associated with the business and their role as a Director of the Company. Accordingly they have rendered advices to the management for resolution of business issues. The Independent Directors in the Board have actively engaged with the management and attentiveness to progress of decisions taken.

**Objectivity:** The Independent Directors in the Board have placed their suggestions, recommendations and views in an unbiased manner during the course of decision making on the matters of the Company.

**Leadership & Initiative:** Independent Directors have played a crucial role in dealing successfully within their areas of domain knowledge and experience.

**Personal Attributes:** The Independent Directors in the Board has shown firm commitment towards their role and fiduciary responsibilities as a Board member. Directors have attended and actively participated in the meeting of Board and Committees conducted time to time during the financial year. They have made every possible contribution to the Company through their proactive, strategic and lateral thinking.

## **Criteria for Evaluation the performance of Board, Committees of Board and Directors Performance Evaluation Criteria for Board, Committees of Board and Directors**

To carry out performance evaluation of Board, Committees and Directors, criteria to be considered would inter alia include the following:

### **Part A: For Board & Committees of Board**

1. Composition with requisite number of Independent Directors (and woman director in the case of Board)
2. Frequency of Meetings
3. Discharge of the key functions prescribed under Law
4. Discharge of the other responsibilities prescribed under Law
5. Monitoring the effectiveness of corporate governance practice.
6. Working in the interests of all the stakeholders of the company.

## **Part B: For Directors**

1. Attendance and Participation
2. Maintaining confidentiality
3. Acting in good faith and in the interests of the company as a whole
4. Exercising duties with due diligence and reasonable care
5. Complying with legislations and regulations in letter and spirit
6. Openness to ideas, perspectives and opinions and ability to challenge old Practices and throwing up new ideas for discussion
7. Maintaining relationships of mutual trust and respect with Board members
8. Capacity to effectively examine financial and other information on operations of the Company and the ability to make positive contribution thereon.

The evaluation of individual directors including Independent Directors shall be done by the Board as a whole keeping in view the inputs provided by Nomination & Remuneration Committee.

The aforesaid criteria for performance evaluation are subject to review from time to time.

### **4. Removal**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulationsthereunder, the Committee mayrecommend, to the Board with reasons recorded in writing, removal of aDirector, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

### **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. TheBoard will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attainingthe retirement age,for the benefit of the Company.

## **POLICY FOR REMUNERATION TO DIRECTORS/ KMPs/ SENIOR MANAGEMENT PERSONNEL**

### **1. Remuneration to Managing/ Whole -time/ Executive/ Managing Director, KMP and Senior Management Personnel:**

The Remuneration/ Compensation/ Commission etc. to be paid to Director/ Managing Director 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.

### **2. Remuneration to Non-Executive/ Independent Director:**

The Non-Executive Independent Director may receive sitting fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made thereunder and Articles of Association of the Company or any other enactment for the time being in force.

### **3. Duties in Relation Nomination Matters**

The duties of Committee in relation to nomination matters include:

- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- 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.
- Identifying and recommending Directors who are to be put forward for retirement by rotation.
- Determining the appropriate size, diversity and composition of the Board;
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- 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.

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

## **DUTIES IN RELATION TO REMUNERATION MATTERS**

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

- 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.
- Approving the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee
- Considering any other matters as may be requested by the Board.

## **REVIEW AND AMENDMENT**

- The NRC or the Board may review the policy as and when it deems necessary.
- The NRC may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this policy, if it thinks necessary.
- This Policy may be amended or substituted by the NRC or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.