

## **APPOINTMENT AND REMUNERATION POLICY**

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## **APPOINTMENT AND REMUNERATION POLICY**

### **1. DEFINITIONS**

- i. "Act" means the Companies Act, 2013 read with the rules, clarifications, circulars and orders issued thereunder from time to time including any modification or re-enactment thereof.
- ii. "Board" means the Board of Directors of the Company.
- iii. "Independent Director" means an Independent Director of the Company appointed in pursuance of the Act.
- iv. "Key Managerial Personnel" or "KMP" means person(s) appointed as such in pursuance of Section 203 of the Act.
- v. "NRC" means Nomination and Remuneration Committee of the Board, constituted in accordance with the provisions of Section 178 of the Act.
- vi. "Other Employees" mean all the employees of the Company other than the Key Managerial Personnel and the Senior Management.
- vii. "Rules" means the rules framed under the Act.
- viii. "Senior Management" shall mean the personnel of the Company designated as Senior Management in accordance with the definition laid down under Explanation to Section 178 of the Act.
- ix. "Stock Options" means the options given or to be given by the Company as per the Employees Stock Option Scheme/Plans of the Company to be formed.

Unless the context otherwise provided, terms not defined herein and used in this Policy, shall bear the same meaning as prescribed under the Act, or any other relevant law/regulation as applicable in context.

Where an employee is a Key Managerial Personnel as well as holds a Senior Management Position (such as CFO), his/her terms of appointment shall be governed by both Part I and Part III of this Policy and in the event of any conflict, the stricter clause shall prevail.

### **2. SCOPE**

This Policy aims to ensure that the persons appointed as Directors, Key Managerial Personnel and Senior Management possess requisite qualifications, experience, expertise and attributes commensurate to their positions and level and that the composition of remuneration to such persons is fair and reasonable and sufficient to attract, retain and motivate the personnel to run the Company successfully.

This Policy has been developed and implemented by the Nomination and Remuneration Committee and is applicable to Directors, Key Managerial Personnel, Senior Management and other employees of the Company.

### **3. ROLE AND RESPONSIBILITIES**

The role and responsibility of the committee shall be to undertake specific duties listed below and it will have the authority to undertake such other specific duties as the Board prescribes from time-to-time. The below mentioned roles and responsibilities are derived from the terms of reference of the committee as determined and approved by the Board.

Specific responsibilities of the committee include:

#### **a. Changing business environment for appointment as a director**

The committee shall formulate criteria for determining qualifications, skills, expertise, qualities, positive attributes required to be a director of the Company. The criteria to be formulated needs to be not only beneficial to the Company but also will need to consider the qualities and expertise essential for the Company to operate going forward and in changing business environment. The committee shall develop and recommend to the Board for its approval, criteria to be considered for nomination/appointment of a director.

#### **b. Identify persons who are qualified to be directors**

The committee shall identify persons who are qualified to become directors and who satisfy the criteria laid down. The process of identification shall include ascertaining, meeting, screening and reviewing candidates for appointment as directors, whether independent, non-executive or executive. The existing directors who continue to satisfy the criteria may also be considered by the committee for re-appointment.

#### **c. Nomination of candidates for approval of Board**

The committee on satisfaction of a potential candidate meeting the criteria and having completed the identification and selection process will recommend such persons' candidature to the Board for appointment as a non-executive director or independent director or executive director, as the case may be.

The committee may recommend the candidates to the Board when:

- Any vacancy in the board is required to be filled due to retirement or resignation, or
- Any vacancy arisen out of annual board performance evaluation, or
- Any vacancy as a result of end of tenure in accordance with the Act, or
- Any change required in the Board on account of diversity, or
- Any change required by law

#### **d. Approval of criteria, identification of persons and nomination of candidates required for senior management positions**

The committee shall lay down criteria including qualifications, skills, expertise and qualities required for senior management positions like managing director & CEO, Chief Financial Officer and Company Secretary and member of the executive council of the Company. the

committee shall play a consultative role to Board and make recommendations to the Board regarding the appointments and changes to the senior management positions of the Company.

#### **e. Evaluation of the performance of the Board**

The committee shall determine a process for evaluating the performance of every director, committees of the Board and the Board on an annual basis. The committee may seek the support and guidance of external experts and agencies for this purpose.

#### **f. Evaluate the performance of the managing director or whole-time director and determine the executive compensation**

The committee shall evaluate the performance of the managing director by setting his key performance objectives or key performance parameters at the beginning of each financial year. The Committee shall ensure that his key performance objectives are aligned with the immediate and long term goals of the Company. The committee shall also approve the compensation package of the managing director or whole-time director. The compensation structure shall include basic salary, perquisites, commission etc. The committee shall ensure that the compensation packages are in accordance with applicable law, in line with the Company's objectives, shareholders' interests, with industry standards and have an adequate balance between fixed and variable component. All the recommendations of the committee shall be referred to the Board for approval.

#### **g. Compensation of KMP/senior management**

The committee shall evaluate the performance of the KMP/senior management of the Company, i.e. the members as may be recommended by Executive Director(s), from time to time, of the Company. The committee shall also provide an overview of the remuneration payable to key managerial persons as defined under the Act and senior management of the Company. The committee shall ensure that the remuneration to the key managerial persons 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.

#### **h. Commission to the non-executive directors**

The committee shall determine the Commission payable to the non-executive directors after taking into their contribution to the decision making at meetings of the Board/committees participation and time spent as well as providing strategic inputs and supporting highest level of Corporate Governance and Board effectiveness. It shall be within the overall limits fixed by the shareholders of the Company.

### **4. POWERS OF THE COMMITTEE**

The committee shall have, inter alia, following powers:

- Conduct studies or authorize studies of issues within the scope of the committee will full access to all books, records, facilities and personnel of the Company.

- Retain or seek advice of consultants and experts for performance of their role under this policy and the costs relating thereto shall be borne by the Company.
- Delegate its powers or form sub-committees to perform any of its functions or role under this policy, subject to approval of the Board.

## **5. MEETING**

The committee shall meet at least once in six months. Additional meetings may happen as the committee deems fit appropriate. Minutes of the meeting shall be circulated to the committee. The committee shall report to the Board regarding its actions and make necessary recommendations to the Board. The committee shall be governed by the same rules regarding meetings as are applicable to the Board.

## **6. MINUTES**

The committee will maintain written minutes of its meetings, including formal telephonic meetings, which will be filed with the minutes of the meetings of the Board.

This Policy is in compliance with Section 178 of the Companies Act, 2013 and applies to the following categories of Directors and employees of the Company:

Part I	-	Key Managerial Personnel
Part II	-	Non-executive Directors / Independent Directors
Part II	-	Senior Management and other employees

## **7. GENERAL QUALIFICATIONS AND ATTRIBUTES FOR ALL DIRECTORS**

Attributes required:

### **Group Director: Top Management**

Group Director is a member of the Managing Board for the Group activities. The Managing Board is the Top Management Team. Collectively they will be known as Top Management (TM).

### **Who all can be included?**

The Top Management (TM) of this Organization shall consist of such individuals who have significantly promoted, participated and/or contributed in founding, developing and/or sustaining the organizational growth and its culture.

The TM may also include such individuals who, to whatever extent, have had or continue to have financial interest and proprietorial stakes in the building and running of the Organization.

The TM may also comprise of such individuals who formulate the basic policies of the Organization and direct its destiny.

Everyone to be included in TM shall have to possess, practice and display commitment to the mission, culture and compatibility to the organizational value system.

### **How is his position? Trusteeship/Stewardship:**

The TM is a Trustee of the property, image and culture of the Organization. It is responsible for upholding and perpetuating the core and cherished values of the Organization and also for moulding them for a better and brighter tomorrow.

In the conduct of the affairs of the Organization, the TM would keep their individual interest secondary to those of Organization and would not take directly or indirectly any such action which will undermine the principle of the Trusteeship in its true spirit.

Whatever you have is not yours; it is something which has been entrusted to you. It carries with it a responsibility to take care of whatever you have and to use it properly for others.

### **How can separation take place?**

A member of TM shall willingly come forward to cease to be a part of the TM if his at any stage unable or unwilling to strictly adhere to the principles of Trusteeship. The TM in such an event shall co-operate and bring about a feasible proposition whereby such an event does not impair the image of the Organization and the concerned member is properly rehabilitated and helped to pursue work & mission of his choice.

### **What are their main functions?**

1. The TM would work towards imparting institutionalization and plan for creating and continuing an organizational entity which would largely remain independent of the individual members. Thus the individual members may come & go but the Organization shall continue to move with its own momentum perpetually towards its Mission.

In order to fulfill the Mission, members of the TM should make conscious efforts and develop a vision i.e. the art of seeing the things which are imperceptible. They must be fired with enthusiasm to do something great, grand & unique, to take up great challenges and risks and be innovative. In order to translate the vision, the Mission pronounced by the founder is "Leave this earth better than you found it". The members of the TM would share the vision of grandeur for fulfilling the Mission. For the posterity, Mission is part of the heritage.

2. The individual members of the TM would not restrict, much less, slow down the progress and development of the Organization merely on account of their individual preferences; frailties, inadequacies, lack of vision and/or lack of luster for growth.
3. The TM thru a Committee would select, appoint and promote individuals at Managerial levels. The Committee would also set standards of performance for them. These individuals would be responsible for an efficient day-to-day running of the Organization and would also be accountable for meeting the specified objectives.
4. The TM would delegate authority liberally, though selectively, and develop built-in checks & balances so that such delegation of authority does not degenerate and persons remain accountable to TM and responsible towards ultimate success.

5. The Tm would, however, view with leniency any omissions, excesses or inadequacies or even to an extent, the impertinence of the Manager and/or Senior Manager so long as these have occurred during the performance of the duty, unintentionally and/or without any mala fide intention. Habitual behavior of this kind, however, is to be viewed seriously.
6. Perseverance and infinite capacity to take pains, together with respect for values of life and clean personal habits, have been responsible to bring up this organization to its present stature. The TM would make conscious efforts to inculcate these and such other attitudes on the part of their Managers in particular and all others connected with the organization in general.
7. The TM would take it as its obligation the personal and family welfare of its managers and motivate them to reach for the best in them.
8. The Managers, Senior managers and Directors are to be perceived as Role Models.

### **What is the guiding principle/philosophy?**

Creation of wealth & surpluses is the purpose for which this organization exists. Its progress & prosperity and indeed the very survival will depend on its ability to be dynamic and adapting itself to meet challenges of the environment from time to time. The TM shall have this as a central theme.

The TM shall not make any compromise on the Fundamental issues concerning the Basic Philosophy and core and cherished values of the Organisation even for achieving any material or pecuniary gains. The TM should always consider and be guided by the fairness of the means which are to be employed for achieving desired ends.

### **Increment:**

Periodic increase or addition of an amount in the emolument of the associate.

### **Promotion:**

Advance or raise of a person to a higher office and/or rank and responsibility by active encouragement and support. The raise may or may not be accompanied by an addition to the total compensation derived by the person.

### **Stakeholders:**

All those for whom the organization is working and also those who are affected by the working for the organization. (included are: Customers, Shareholders, Depositors, Bankers, Collaborators, Suppliers, Dealers & Distributors, Associates, Govt. & Society).

### **Constituent:**

Helping to make up a whole, a component part.

### **Quality:**

Degree of Excellence.

**Career:**

Advancement through life.

**Corporate Management:**

Style and structure of management geared to considering problems and policies in the context of the total firm or organization and its resources, rather than a more departmentalized style in which the attitudes of individual managers are shaped by their sectional interest within the organization.

**Administration:**

Responsibility for efficient and effective (a) operations (b) procedures (c) interpretation of policy and translating it into effective execution action. Office management.

The prospective Director:

- Should be a person of integrity with high level of ethical standards.
- Should meet the requirements of the Act, the Listing Agreement and other applicable laws for the time being in force.
- Should have the requisite qualifications, skills, knowledge, experience and expertise relevant or useful to the business of the Company. The relevant experience could be in areas of management, administration, sales, administration, research, Corporate Governance, legal, manufacturing, international operations, public service, finance, accounting, strategic planning, supply chain, technology, marketing, law, Agriculture, Water, Food or any related activity thereto or any other area considered necessary by the Board/NRC.
- Should be a person who is capable of balancing the interests of the Company, its employees, the shareholders, the community and for the protection of the environment.
- Is expected to:
  - a. Uphold ethical standards of integrity and probity.
  - b. Act objectively and constructively while exercising his/her duties.
  - c. Exercise his/her responsibilities in a *bona fide* manner in the interest of the Company.
  - d. Devote sufficient time and attention for informed and balanced decision making.
  - e. Not allow any extraneous considerations that will vitiate his/her exercise of objective independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making.
  - f. Not abuse his/her position to the detriment of the Company or its shareholders or to gain direct or indirect personal advantage or advantage for any associated person.



- g. Avoid conflict of interest, and in case of any situation of conflict of interest, make appropriate disclosures to the Board.
- h. Assist the Company in implementing the best corporate governance practices
- i. Exhibit his/her total submission to the limits of law in drawing up the business policies, including strict adherence to and monitoring of legal compliances at all levels.
- j. Have ability to read and understand the financial statements.
- k. Protect confidentiality of the confidential and proprietary information of the Company.

NRC has the discretion to decide whether qualification, expertise, experience and attributes possessed by a person are sufficient / satisfactory for the concerned position.

## **PART I – KEY MANAGERIAL PERSONNEL**

PART I of this Policy comprises of two parts as under:

PART A - Managing Directors / Whole-Time Directors (“EDs”)

PART B - Chief Financial Officer, Company Secretary and other KMPs

## **PART A- MANAGING DIRECTORS / WHOLE-TIME DIRECTORS (“EDs”)**

### **1) OBJECTIVES**

- Identify persons who possess appropriate qualifications, experience and attributes for appointment as EDs.
- The remuneration payable to the EDs is commensurate with their qualification, experience and capabilities and takes into account the past performance and achievements of such ED. A suitable component of remuneration payable to the EDs is linked to their performance, performance of the business and the Company.
- The remuneration payable to the EDs is comparable with the remuneration paid to the EDs of other companies which are similar to the Company in terms of nature of business, size and complexity.

### **2) SPECIFIC QUALIFICATIONS AND ATTRIBUTES**

In addition to the qualifications and attributes specified in ‘General Qualifications and Attributes’ above, the prospective Director satisfies the criteria set out under the applicable law including the Act and the Listing Agreement for eligibility to be appointed as ED.

### **3) PROCESS OF APPOINTMENT AND REMOVAL**

#### **a) Appointment**

- NRC shall identify suitable persons for appointment and recommend their appointment to the Board along with the terms of appointment and remuneration. The Board will consider recommendations of NRC and approve the appointment and remuneration, subject to approval of the shareholders of the Company in case of Executive Director(s).

#### **b) Removal**

- Where the appointee is subjected to any disqualification(s) mentioned in the Act, Rules or under any other law, rules and regulations, code of conduct and / or policies of the Company, NRC shall recommend to the Board his/her removal from the services of the Company.

### **4) COMPONENTS OF REMUNERATION / INCREMENTS**

Remuneration shall consist of:

- Fixed remuneration including perquisites and allowances, retiral benefits (like Provident Fund/Gratuity/Superannuation/Leave encashment, etc.) and other benefits like car, telephone, etc. as per policy of the Company.
- Variable pay based on the performance of the individual, business and the Company as a whole.
- No Sitting Fee shall be payable for attending the meetings of the Board or committees thereof.
- Stock Options as per terms of the prevalent Stock Options Plan, if eligible.

### **5) INCREMENTS**

Increments will be granted by the Board on recommendation of NRC, based on the performance of the individual, performance of the business and the Company as a whole or could be as per scale approved for the term of appointment. It shall be within overall limit fixed by Shareholders of Company and capacity of Company to pay.

## **PART B - CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND OTHER KMPs**

### **1) OBJECTIVES**

- Identify persons who possess appropriate qualifications, experience and attributes for appointment as Chief Financial Officer ("CFO"), Company Secretary ("CS") and other Key Managerial Personnel ("KMPs").
- The remuneration payable to CFO, CS and KMPs is commensurate with his/her qualification, experience and capabilities and takes into account the past performance and achievements of such individual. Remuneration payable to them is

comparable with the remuneration paid to persons performing the same or similar roles in other companies which are similar to the Company in terms of nature of business, size and complexity.

- A suitable component of their remuneration is linked to his / her performance, performance of the business and the Company.

## **2) QUALIFICATIONS AND ATTRIBUTES**

- Should be a person of integrity with high level of ethical standards.
- Have requisite qualification and experience as may be relevant to the task he / she is expected to perform.

NRC/ Board has the discretion to decide whether qualification, expertise, experience and attributes possessed by the person are sufficient / satisfactory for the concerned position.

## **3) PROCESS OF APPOINTMENT AND REMOVAL**

### **a) Appointment**

- Appointment of KMPs (including terms and remuneration) shall be approved by the Board.
- Upon the NRC recommending the appointment of the CFO/CS to the Audit Committee, the Audit Committee shall approve the appointment of CFO/CS and recommend the same to the Board for approval after assessing the qualifications, experience, background, etc.
- Where a KMP is in Senior Management, the appointment (including terms and remuneration) shall be recommended by NRC to the Board for its approval.

### **b) Removal**

- Where KMP is subjected to any disqualification(s) mentioned in the Act, Rules or under any other applicable law, rules and regulations, Code of Conduct and / or Policies of the Company, the Board may remove such KMP from the services of the Company.
- Where KMP is in Senior Management, his/her removal shall be recommended by NRC to the Board for its approval.

## **4) ELEMENTS / COMPONENTS OF REMUNERATION**

Remuneration and other perquisites / facilities (including loans/advances) shall be governed by the policies and practices of the Company from time to time. Remuneration shall consist of:

- Fixed remuneration including perquisites and allowances, retiral benefits (like Provident Fund/Gratuity/Superannuation/Leave encashment, etc.) and other benefits like car, telephone, etc. as per policy of the Company.

- Variable remuneration based on the performance of the individual, the function and the Company as a whole.
- Stock Options as per terms of the prevalent Stock Options Plan.

## **5) ANNUAL APPRAISAL AND INCREMENT**

The Company follows biennial (once in 2 years) appraisal cycle.

Annual appraisal and biennial increment will be done by the Managing Director / Whole Time Director in consultation with the Chairman of the Company after taking into account the following:

- Individual's performance against Key Performance Indicators.
- The performance of:
  - a) individual;
  - b) business function handled by the individual; and
  - c) Company.
- The prevalent rate of increments given by companies of similar nature of business and size;
- The criticality of the individual to the Company in his capacity as a Key Managerial Personnel.

## **PART II – NON-EXECUTIVE DIRECTORS / INDEPENDENT DIRECTORS**

### **A. OBJECTIVES**

- Identify persons who meet the criteria for independence, if required, as set out under the Act and the Listing Agreement and possess appropriate qualifications, experience and attributes for appointment to a Company of our size.
- The remuneration payable to the Non-executive / Independent Directors takes into account the contributions of the Director to the performance of the Company. Remuneration payable to them is fair and reasonable and comparable with the remuneration paid by other companies which are similar to the Company in terms of nature of business, size and complexity.

### **B. SPECIAL QUALIFICATIONS AND ATTRIBUTES FOR INDEPENDENT DIRECTORS**

In addition to the qualifications and attributes specified in 'General Qualifications and Attributes' above, the prospective Independent Director should meet the requirements of Schedule IV to the Act and the Listing Agreement.

### **C. Appointment**

- NRC shall identify suitable persons for appointment and recommend their appointment to the Board. The Board will consider recommendations of NRC and accordingly, approve appointment and remuneration of Non-executive and/or Independent Directors subject to approval of the shareholders of the Company.
- The appointment of Independent Directors shall be formalized in accordance with the applicable laws.

## **D. Removal**

- Where the appointee is subjected to any disqualification(s) mentioned in the Act, Rules or under any other law, rules and regulations, Code of Conduct and / or Policies of the Company, NRC shall recommend to the Board for removal of the appointee from directorship of the Company.

## **E. ELEMENTS/COMPONENTS OF REMUNERATION**

- Variable remuneration - Commission - As a % of the net profits of the Company as approved by the Board and/or the shareholders of the Company.
- Sitting fees for attending meetings of the Board and Committees thereof as approved by the Board and reimbursement of expenses for participation in the meetings of the Board and other meetings.

## **PART III – SENIOR MANAGEMENT & OTHER EMPLOYEES**

This section may not apply from the date this policy comes into force but to begin with only KMPs shall be included here and the list shall be expanded as and when need arises.

### **A. OBJECTIVES**

- Identify persons who possess appropriate qualifications, experience and attributes for appointment in the Senior Management and Other Employees category.
- Remuneration payable to the Senior Management and other employees is commensurate with their qualification, experience and capabilities and takes into account their past performance and achievements. Remuneration payable to them is comparable with the remuneration paid to employees at the same level in other companies which are similar to the Company in terms of nature of business, size and complexity.
- Depending on the level of the employee, a suitable component of remuneration is linked to performance of such individual employee, the performance of the business and the Company as per the HR Policy of the Company.

### **B. QUALIFICATIONS AND ATTRIBUTES**

- Should be a person of integrity with high level of ethical standards.
- Senior Management: Should have the requisite qualification and experience as may be relevant to the task he / she is expected to perform.

NRC has the discretion to decide whether qualification, expertise, experience and attributes possessed by a person are sufficient / satisfactory for the concerned Senior Management position.

- Other Employees: Qualification, expertise, experience and attributes will be determined by the Management as per the HR Policy of the Company.

## **C. PROCESS OF APPOINTMENT AND REMOVAL**

### Appointment

- NRC shall identify suitable persons for appointment in the Senior Management and recommend to the Board their appointment along with the terms of appointment and remuneration.
- The Board will consider recommendation of NRC and approve the appointment along with the terms of appointment and remuneration.
- Appointments to positions other than the Senior Management will be made as per the Company's HR policy.

### **D. Removal**

- Where an employee in the Senior Management is subjected to any disqualification(s) mentioned in the Act, Rules or under any other law, rules and regulations, Code of Conduct and / or Policies of the Company, the Board may remove such employee from the services of the Company, on recommendation of NRC.
- In case of other employees, the Management of the Company may terminate the services of such employee as per HR Policy of the Company.

## **E. ELEMENTS / COMPONENTS OF REMUNERATION**

Remuneration and other perquisites / facilities (including loans/advances) shall be governed by the policies and practices of the Company from time to time. Remuneration shall consist of:

- Fixed remuneration including perquisites and allowances, retrial benefits (like Provident Fund/Gratuity/Superannuation/Leave encashment, etc.) and other benefits like car, telephone, etc. as per policy of the Company.
- Variable Pay based on the performance of the individual, the function and the Company as a whole.
- Stock Options as per terms of the prevalent Stock Options Plan.

## **F. ANNUAL APPRAISAL AND INCREMENT**

The Company follows biennial (once in 2 years) appraisal cycle.

Annual appraisal and biennial increment will be done by the Managing Director / Whole Time Director in consultation with the Chairman of the Company after taking into account the following:

- Individual's performance against Key Performance Indicators.
- The performance of the:
  - a) individual ;
  - b) business function handled by the individual; and
  - c) Company.
- The prevalent rate of increments given by the companies of similar nature of business and size.

- The criticality of the individual to the Company in his capacity as a member of the Senior Management or other employee's category.

## **PART IV BOARD DIVERSITY**

### **A. POLICY STATEMENT:**

The Company recognize and embraces the benefits of having the diverse Board that possess a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the businesses of the Company. The Company sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balance appropriately.

The Company maintains that Board appointments should be based on merit that complements and expands the skills, experience and expertise of the Board as a whole taking into account knowledge, professional experience and qualifications, gender, age cultural and educational from time-to-time for it to function effectively.

### **B. Optimum composition:**

(a) The Board shall have an optimum combination of executive and non-executive directors and not less than fifty per cent of the Board of directors comprising non-executive directors.

(b) At least half of the Board should comprise of independent directors (where the chairman of the Board is executive) or at least one-third of the Board consisting of independent directors (where the chairman of the Board is non-executive).

### **C. Functional diversity**

(a) Appointment of directors to the Board of the Company should be based on the specific needs and business of the Company. Appointments should be done based on the qualification, knowledge, experience and skill of the proposed appointee which is relevant to the business of the Company.

(b) Knowledge of and experience in domain areas such as NBFC industry, banking and finance, corporate, investment banking, legal, risk, management, etc., should be duly considered while making appointments to the Board level.

(c) While appointing independent directors, care should be taken as to the independence of the proposed appointee.

(d) Directorships in other companies may also be taken into account while determining the candidature of a person.

### **D. STAKEHOLDER DIVERSITY**

(a) The Company may also have directors on its Board representing the interest of any financial institution or any other person in accordance with the provisions of its articles of association and/or any agreement between the Company and the nominating agency.

(b) Subject to the provisions of section 151 read with the relevant rules made thereunder, the Company may, upon notice of not less than one thousand small shareholders or one-tenth of the total number of such shareholders, whichever is lower, have a small shareholders' director elected by the small shareholder.

#### **E. OBJECTIVE / PURPOSE**

This Policy aims to achieve diversity in the Board of Directors of the Company ("the Board") and shall be called "Policy on Board Diversity". The policy is framed by Nomination & Remuneration Committee ("NRC") in compliance with the provisions of the Act.

#### **F. BASIC APPROACH**

In designing the Board's composition, Board diversity shall be considered from a number of aspects, including but not limited to gender, cultural and educational background, community, nationality, geographical location, professional experience, subject / industry expertise and skills, to list a few. All Board appointments will be based on meritocracy and candidates shall be considered against objective criteria, having due regard to diversity of the Board.

As far as practicable and subject to the provisions of the Companies Act, 2013 and the Listing Agreement, the Board shall have:

- at least one Woman Director;
- one person with scientific or technical expertise relevant to the Company's business; i.e. Agriculture, Water, Management, Tissue Culture, Solar, Food.
- one person with expertise in finance /accounting/banking;
- one person with senior level managerial experience.
- One person with senior level legal/Regulatory background.

The NRC may consider the above factors while recommending to the Board a new person for appointment as Director. While aiming at diversity, all the appointments to the Board will be based on merit with respect to the skill, experience, independence, knowledge and expertise.

#### **G. REVIEW / AMENDMENT**

Based on the recommendation of the NRC, the Board may amend, abrogate, modify or revise any or all clauses of this Policy in accordance with the Companies Act, 2013, Listing Agreement and/or any other applicable law or regulation, as appropriate.



## **PART V SUCCESSION PLAN FOR BOARD MEMBERS AND SENIOR MANAGEMENT**

### **A. POLICY STATEMENT**

1. A change in executive leadership is inevitable for all organizations and can be a very challenging time. Therefore, it is the policy of the Jain Irrigation Systems Limited (hereinafter referred as "Company") to be prepared for an eventual/permanent change in leadership, either planned or unplanned, to insure the stability and accountability of the organization until such time as new permanent leadership is identified.
2. This policy covers the guideline for identification and development of future leaders from the pool of internal talent working within the company or group.
3. The Board of directors shall be responsible for implementing this policy and its related procedures. It is also the policy of the Board to assess the permanent leadership needs of the organization and to ensure the selection of a qualified and capable leader who is representative of the community, a good fit for the organization's mission, vision, values, goals, and objectives, and who has the necessary skills for the organization.
4. To ensure the organization's operations are not interrupted while the Board of directors assesses the leadership needs and recruit and permanent executive officer, the Board will appoint interim executive leadership, in accordance with the policy described below.
5. The Chief Executive Officer (CEO) shall ensure that the organization continues to operate without disruption and that all organizational commitments previously made are adequately executed, including but not limited to, loans approved, reports due, contracts, licensed, certifications, memberships, obligations to lenders or investors of the Company, and others.
6. It is also the policy of the Company, to develop a diverse pool of candidates and considered at least such number of finalist candidates for its permanent CEO position as may be determined by the Nomination and Remuneration Committee of the Company.
7. The Company shall implement an external recruitment and selection process, while at the same time encouraging the professional development and advancement of current employees. The CEO and any other interested internal candidates are encouraged to submit their qualifications for review and consideration by the Nomination and Remuneration Committee according to the guidelines established for the search and recruitment process.

### **B. PROCEDURES FOR SUCCESSION**

1. For a temporary change in executive leadership (i.e. illness or leave of absence for long time) the immediate junior, officer, reporting to such executive, shall take charge of his senior till he joins the office or if he is not competent then such other person who is competent to take the charge as may be decided by the Managing Director.
2. In the event the managing director of the Company, is no longer able to serve in this position (i.e. leaves the position permanently), the Nomination and Remuneration Committee of the Board of Directors shall fill the vacancy for the time being, in following

manner:

(1) Within 40 business days appoint an interim CEO according to the following line of succession:

(a) Senior Executive Director/Executive Director of the company;

(b) President/Vice President of the Company.

(Note: In case there is more than one candidate eligible for the interim CEO, then Nomination and Remuneration Committee shall select one candidate based on his experience and expertise after consulting the Chairman of the Board.)

(2) Within 30 business days nomination and remuneration committee of the Company shall take the responsibility and implement the following preliminary transition plan:

(a) Communicate with key stakeholders regarding appointment of interim CEO;

(b) Establish a time frame and plan for the recruitment and selection process in consultation with the recruitment agency from among the existing pool of talent or from outside, depending upon requirement of the company.

(3) The Board may authorize Managing Director for framing an internal policy for identifying and developing internal pool of talent for future leadership role in different department(s)/division in accordance with the requirement of such department(s)/division.

(4) The Board shall review the succession policy periodically and if required, will make suitable changes in the policy keeping in view to the regulatory changes or changes due to business environment.

### **C. PURPOSE AND OBJECTIVES**

The Board of Directors (the "Board") of the Company needs to satisfy that plans are in place for succession for appointments to the Board, KMPs and the Senior Management. This plan aims to ensure smooth operations of the Company in the event of cessation of directorship of a Director or cessation of employment of a KMP or Senior Management employee of the Company.

### **D. APPLICABILITY**

This plan is a function of the Nomination and Remuneration Committee ("NRC") and is applicable to the KMP's Managing Directors / Whole Time Directors (the "Executive Director"), Non-executive Directors and Senior Management, as may be specified by the Board from time to time.

### **E. SUCCESSION PLANS**

A. Executive Directors:

1. NRC shall give its recommendation to the Board on the following matters, based on the performance evaluation of the Executive Directors:

- a. Whether an Executive Director should be considered for re-appointment or not. In case NRC does not recommend re-appointment, it shall recommend a replacement of the outgoing Executive Director;
  - b. For removal of an Executive Director and recommendation of a replacement in place of the Executive Director proposed to be removed;
2. NRC shall also recommend appointment of a person as an Executive Director as a "substitute" of any Executive Director in case of any contingency including critical illness, death or resignation of such Executive Director.

B. Non-executive Directors (the "NED") (Whether Independent or otherwise):

NRC shall give its recommendation to the Board on the following matters, based on the performance evaluation of NEDs:

- a. Whether an NED should be considered for re-appointment. If NRC does not recommend re-appointment, it shall recommend a replacement of the outgoing NED;
- b. For removal of an NED and recommendation of replacement in place of the NED proposed to be removed.

C. KMP or Senior Management (Other than Executive Directors):

This section may not apply from the date this policy comes into force but to begin with only KMPs shall be included here and the list shall be expanded as and when need arises.

NRC shall recommend persons who may be appointed in place of KMP or Senior Management employees (as defined by the Board from time to time) on their retirement. NRC shall, in consultation with the Managing Director/Whole Time Director and Chairman, identify a suitable person as successor who is either an employee of the Company; or any other person, who may be appointed and can take over the role and responsibilities discharged by the Outgoing Senior Management employee.

The Successor should be appointed as a designate before completion of term of the Outgoing Employee and shall work in close association with the Outgoing Employee.

In case NRC is not able to identify the Successor, the Company may take suitable actions including requiring any other Senior Management employee to assume the role and responsibilities of the Outgoing Employee.

NRC shall also identify a suitable employee within the Company who may be required to assume the role and responsibilities of an Employee in case of any contingency including critical illness, death or resignation of such Employee.

The Company will institute a functional system for (a) internal grooming with the objective of promoting its employees to Senior Management; (b) lateral hiring to identify suitable persons who may be appointed in Senior Management positions; and (iii) handover of responsibilities of an Outgoing Employee to such new employee who will take on the role and responsibilities of the Outgoing Employee.

The Company may avail services of an external agency to assist in this process, as appropriate.

#### **F. MAINTENANCE OF RECORDS**

Human Resource Department of the Company shall maintain records of the Executive Directors, and Senior Management employee of the Company. Company Secretary shall maintain records of the Non-Executive Directors.

#### **G. REVIEW / AMENDMENT**

The Board may amend, abrogate, modify or revise any or all clauses of this Plan in accordance with the Act, Listing Agreement and/or any other applicable law or regulation.

#### **13. COMPLIANCES**

The terms/ process of appointment / re-appointment and remuneration of the Directors and other employees covered under this Policy shall be governed by the provisions of the Act, Rules, Listing Agreement, other applicable laws and policies and practices of the Company.

#### **14. DISCLOSURES**

This Policy shall be disclosed in the Annual Report of the Company.

#### **15. REVIEW / AMENDMENT**

Based on the recommendation of the NRC, the Board may amend, abrogate, modify or revise any or all clauses of this Policy in accordance with the Act, Listing Agreement and/or any other applicable law or regulation.

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This Appointment and Remuneration Policy has been approved by the Board on 10.02.2017, on recommendation of Nomination and Remuneration Committee. It shall be effective from 10.02.2017.