

KRIBHCO SHYAM FERTILIZERS LIMITED
NOMINATION AND REMUNERATION POLICY

1. APPLICABILITY

Section 178 of the Companies Act, 2013 read with Rules made thereunder, mandates formulation of a policy by the Nomination and Remuneration Committee.

Kribhco Shyam Fertilizers Limited (hereinafter referred as “KSFL”) covers under the above provisions and in compliance to above requirements, the Nomination and Remuneration Committee of the Board has formulated a Policy (hereinafter referred as “Policy”) for its Directors, Key Managerial Personnel and Senior Management.

2. OBJECTIVE

The primary objective of the Policy is to provide a framework and set standards for the nomination, remuneration and evaluation of the Directors, Key Managerial Personnel and Senior Management. The Company aims to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management.

3. DEFINITIONS

Directors include Executive and Non-Executive Directors

Key Managerial Personnel (KMP) means

- Chief Executive Officer or the Managing Director or the Manager;
- Whole-time director;
- Chief Financial Officer;
- Company Secretary; and
- Head of Works at Shahjahanpur

Senior Management has been defined under Companies Act, 2013 as to mean 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. Accordingly, the following positions fall under this category:

- i) Company Secretary
- ii) Head of Finance function at Corporate Office
- iii) Head of Works function at Shahjahanpur

“Nomination & Remuneration Committee” means “Nomination & Remuneration Committee” constituted by the Board of Directors of the Company from time to time under the provisions of the Companies Act 2013.

“Policy” means the Nomination and Remuneration Policy.

“Other employees” means, all the employees other than the Directors, KMPs and the Senior Management Personnel.

4. POLICY

4.1 Appointment & Removal

a) Criteria for identifying persons who are qualified to be appointed as a Director / KMP / Senior Management Personnel of the Company:

- i. In accordance with the JV Agreement, KRIBHCO shall have the right to propose appointment of Managing Director & KMP.
- ii. The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.
- iii. The Company should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder, or any other enactment for the time being in force.
- iv. The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder, or any other enactment for the time being in force.

b) Term / Tenure:

The Term/Tenure of the Directors/ KMP's/Senior Management Personnel shall be as per the Company's prevailing policy subject to the provisions of the Companies Act, 2013 and rules made thereunder and as amended from time to time.

c) Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground, the Committee may recommend to the Board

for removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

d) Retirement:

The director, KMP, senior management & other employees shall retire as per the applicable provisions of the Companies Act, 2013 along with the rules made thereunder 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.

4.2 Remuneration

The level and composition of remuneration to be paid to the Managing Director, Whole-Time Director(s), Non-Executive Director(s), KMP's, Senior Management Personnel and other employees shall be reasonable and sufficient to attract, retain and motivate directors, KMP's, Senior Management and other employees of the company. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

i. Director/ Managing Director

Besides the above Criteria, the Remuneration/ Compensation/ Commission / Bonus etc. to be paid to Director/ Managing Director shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

ii. Non-Executive Directors

The Non-Executive Independent Director will receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force. In addition, Non-Executive independent directors will be reimbursed such fair and reasonable expenditure, as may have been incurred by them while performing their role as Non-Executive Director/Independent Director of the Company or for participation in the Board and Committee meetings of the Board. The Independent Directors shall not be entitled for stock options.

iii. Senior Management Personnel / KMPs

The Remuneration to be paid to Senior Management Personnel / KMP's shall be based on the experience, qualification and expertise of the related personnel and shall be decided by the Board of Directors on the recommendation of the Committee.

5. DISCLOSURES

This Remuneration policy and criteria of making payments to non-executive director's shall be disclosed in the Board's report.

6. AMENDMENT(S)

The Board of Directors may review or amend this policy, in whole or in part, from time to time, after taking into account the recommendations from the Nomination & Remuneration Committee.