

**NOMINATION**  
**AND**  
**REMUNARATION**  
**POLICY**  
**OF**  
**SADRA PROTEINS LTD**

## **NOMINATION & REMUNERATION POLICY**

### **1. Introduction:**

In terms of **Section 178 of the Companies Act, 2013** read with rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014, (as amended from time to time), this policy on Nomination and Remuneration of Directors, Key Managerial Personnel (KMPs) and Senior Management of Sarda Proteins Ltd has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors. This policy shall act as guidelines on matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel (if any) and Senior Management.

### **2. Definitions:**

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

**“Company”** means Sarda Proteins Ltd.

**“Board”** means Board of Directors of the Company.

**“Committee”** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.

**“Directors”** means Directors of the Company.

**“Independent Director”** means a Director referred to in Section 149(6) of the Companies Act, 2013

**“Key Managerial Personnel”** (KMPs) means

- i. Managing Director, or Chief Executive Officer or Manager
- ii. Whole-time Director;
- iii. Chief Financial Officer;
- iv. Company Secretary; and
- v. Such other officer as may be prescribed.

**‘Other officer’** means all employees other than the Directors, KMPs and the Senior Management Personnel.

**‘Policy or This Policy’** means, “Nomination and Remuneration Policy.”

**“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.

Words and expressions used and not defined in this policy but defined in the Companies Act, 2013 and rules made thereunder, as amended from time to time, shall have the same meaning respectively assigned to them therein.

### **3. Constitution of Committee:**

The Board has the power to constitute / reconstitute the Committee from time to time in order to make it consistent with company's policies and applicable statutory requirements. The Nomination and Remuneration Committee of the Company comprises of the following members:

(1) The Board of Directors shall constitute the NRC Committee as follows:

- (a) the committee shall comprise of at least three Directors;
- (b) all Directors of the committee shall be Non-Executive Directors; and
- (c) at least fifty percent of the Directors shall be Independent Directors.

(2) The Chairperson of the NRC Committee shall be an Independent Director.

(3) The Company Secretary shall act as Secretary to the Committee.

(4) Minimum two (2) members shall constitute a quorum for the Committee meeting.

(5) Term of the Committee shall be continued unless terminated by the Board of Directors.

### **4. Key Area to the Policy:**

- Laying down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial cadres and to determine their remuneration.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies & industry.
- To ascertain the fit and proper criteria in respect of the Directors at the time of appointment and on a continuing basis as per the policy of the company in the same regard.
- To carry out evaluation of the performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
- To grant reward linked directly to their effort, performance, dedication and achievement relating to Company's operations and the results expected therefrom.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

### **5. Applicability :**

This policy is applicable to:

- i. Directors viz. Executive, Non-Executive and Independent
- ii. Key Managerial Personnel
- iii. Senior Management Personnel
- iv. Other employees of the Company, as may be decided by the Board of Directors of the Company.

### **6. General:**

This Policy is in three parts:

- Part A covers the matters to be dealt with and recommended by the Committee to the Board;
- Part B covers the appointment and nomination; and
- Part C covers remuneration and perquisites, etc.

The key features of this Company's policy shall be included in the Board's Report and shall also be disclosed on the website of the company.

#### **PART-A**

#### **MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED BY THE NOMINATION AND REMUNERATION COMMITTEE TO THE BOARD**

The Committee shall:

- Formulate the criteria for evaluation of performance of independent directors and the board of directors.
- Carry out evaluation of every director's performance.
- Determine whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

#### **PART-B**

#### **POLICY FOR APPOINTMENT INCLUDING RE-APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT**

#### **(I) Criteria for determining qualifications, positive attributes and independence of a director for appointment / reappointment:**

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMPs or at Senior Management level and recommend to the Board his / her appointment.
- 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.
- Appointment of Independent Directors is subject to the compliance of provisions of Section 149 of the Companies Act, 2013 read with schedule IV and rules made thereunder.
- 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.

#### **(II) Term / Tenure:**

- Managing Director/Whole-time Director
- The Company shall appoint or re-appoint any person as Managing Director or Whole time Director for a term not exceeding five years at a time in terms of applicable provisions of Companies Act, 2013. Further, No re-appointment shall be made earlier than one year before the expiry of term.

#### **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. However, such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director, subject to the Independent Director, during the said period of three years, not being associated with the Company in any other capacity, either directly or indirectly.

Any tenure of an Independent Director on the date of commencement of The Companies Act, 2013 shall not be counted as a term under Section 149 of the Companies Act, 2013.

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 to three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

### **Key Managerial Personnel / Senior Management**

Upon recommendation of Nomination and Remuneration Committee and based on the criteria laid down by said committee for appointment of senior management, the KMPs or senior management may be appointed for such period and on such term as may be approved by the Board or as per criteria approved by the board, respectively.

### **(III) Evaluation**

The Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

The Evaluation process may be carried out as per the SEBI guidelines vide SEBI CIRCULAR NO. SEBI/HO/CFD/CMD/CIR/P/2017/004, Dated 5th January 2017 on Guidance Note on Board Evaluation or by such other procedure as the Committee may deem fit for evaluation process.

Below Matrix to be follow while performance evaluation of the Directors and the Board as a whole:

<b>MATRIX FOR THE EVALUATION OF BOARD AND THE DIRECTORS</b>	
<b>A.</b>	<p><b><u>Criteria for the Evaluation of a Board as a whole</u></b></p> <p>a) Structure of the Board  b) Meetings of the Board  c) Functions of the Board  d) Board and management  e) Professional development</p>
<b>B.</b>	<p><b><u>Criteria for the Evaluation of Board Committee</u></b></p> <p>a) Mandate and composition  b) Effectiveness of the Committee  c) Structure of the Committee and meetings  d) Independence of the Committee from the Board  e) Contribution to decisions of the Board</p>

<b>C.</b>	<b><u>Criteria for Evaluation of Individual Directors and Chairperson (including Chairperson, CEO, Independent Directors, Non-independent directors, etc.)</u></b> a) Qualifications b) Experience c) Knowledge and Competency d) Fulfillment of functions e) Ability to function as a team f) Initiative g) Availability and attendance h) Commitment i) Contribution j) Integrity
<b>D.</b>	<b><u>Additional Criteria for Independent Directors</u></b> a) Independence b) Independent views and judgement
<b>E.</b>	<b><u>Additional Criteria for Chairperson</u></b> a) Effectiveness of leadership and ability to steer the meetings b) Impartiality c) Ability to keep shareholders' interests in mind

#### **(IV) Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable Act, rules and regulations or as per the employment agreement (if any) 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 said Act, rules and regulations.

#### **(V) Retirement**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing HR 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, subject to necessary compliances.

#### **Part-C**

##### **Policy Relating to the Remuneration for The Whole-Time Director, KMPs, and Senior Management Personnel**

#### **(i) Remuneration of Managing Director / Whole Time Director / Non-Executive Director / Independent Director ("Collectively referred as Directors")**

The remuneration / compensation / commission etc. to the Managing Director / Whole-time Director, shall be recommended by the Nomination and Remuneration Committee to the Board for approval and further recommendation to the Shareholders for their approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

The remuneration and commission to be paid to the Managing Directors /Whole-time Director shall be as per approval of shareholders of Company or Central Government in terms of the provisions of the Companies Act, 2013, and the rules and Schedule made thereunder, as applicable from time to time

Where any insurance is taken by the Company on behalf of its Directors, KMP and any other employees 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. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

**Components of Remuneration:**

**Fixed Pay:**

The Managing Director / Whole-time Director 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 on the recommendation of the Committee and approved by the shareholders.

**Minimum Remuneration**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director or Whole-time Director 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 previous approval of the Central Government.

**Sitting Fees**

The Directors 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 such amount as may be recommended by Nomination and Remuneration Committee and approved by the Board from time to time.

**(ii) Remuneration of Key Managerial Personnel / Senior Management**

Remuneration of KMPs (other than Managing Director / Whole time Directors) i.e. Chief Financial Officer/ Chief Executive officer / Company Secretary and other senior management personnel shall be decided by the Board of Directors of the Company.

**7. Amendments to the Nomination and Remuneration Policy:**

This policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the policy as recommended by the Committee would be given for approval of the Board of Directors.

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Amended on June 19, 2020