

# **L H SUGAR FACTORIES LIMITED**

## **NOMINATION AND REMUNERATION POLICY**

### **PREAMBLE:**

Pursuant to Section 178 of the Companies Act, 2013 the Nomination and Remuneration Committee has been constituted comprising of Non-Executive Directors namely Shri. B.K. Goswami, Shri Dinesh Rai, Smt Sudha Prasad, as members. This Committee and the Policy has been revised and modified in compliance with Section 178 of the Companies Act, 2013.

### **ROLE OF NOMINATION AND REMUNERATION COMMITTEE:**

1. Formulation of 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.
2. Formulate the criteria for evaluation of Performance of Board, its Committees, and Individual Directors.
3. Devising a policy on Board diversity;
4. 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 of Directors their appointment and removal.
5. Determining 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
6. Recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

### **APPOINTMENT CRITERIA AND QUALIFICATIONS:**

1. 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.
2. 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 are sufficient/satisfactory for the concerned position.
3. 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 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.

## **TERM/TENURE:**

### **i. Chairman/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 either than one year before the expiry of term.

### **ii. 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 up to 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. 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.

## **Policy relating to the remuneration for Directors, KMP and Senior Management**

### **• Remuneration for the Directors, Key Management Personnel and Senior Management Personnel**

1. The Whole Time Director/ Key Management Personnel and Senior Management Personnel shall be eligible for 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 employers 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 approval of the shareholders wherever required.
2. Besides the monthly Remuneration, the Company may pay the Remuneration depending upon the profits and future funds requirement of the Company.
3. The remuneration to be paid to the Director including Managing Director/Whole-time Director, and Manager in respect of any financial year shall not exceed 11% of the net profits of the Company as per the provisions of Section 197 of the Companies Act, 2013, and the rules made there under.
4. The Company may pay Remuneration in excess of the above limits i.e. 11% of the Net profits of the Company by Special Resolution in General Meeting and subject to the provisions of Schedule V of the Companies Act, 2013.
5. If any Director draws or receives, Directly or indirectly by way of Remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without prior sanction of the shareholders wherever required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in the trust for the Company.
6. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

7. The remuneration to be paid to Directors including Managing Director/Whole-time Director, and Manager will be determined by the Committee and recommended to the Board for approval.
8. Increments to the existing remuneration structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managing Director/ Whole-time Director.
9. The remuneration payable to each Non-Executive Director is based on the remuneration structure as determined by the Board, and is revised from time to time, depending on individual contribution, the Company's performance, and the provisions of the Companies Act, 2013 and the rules made thereunder.
10. The Independent Directors shall not be entitled to any stock incentive of the Company.

**EVALUATION:**

The Committee shall carry out evaluation of performance of Board, its committees, and Individual Directors;

**REMOVAL:**

Due to reasons for any disqualifications mentioned in the Act or under any other applicable Act, rules and regulations there under, the committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

**RETIREMENT:**

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion in retain the Director, KMP, Senior Management in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**REVIEW AND AMENDMENT:**

- i. The Board or the Nomination and Remuneration Committee of the board may review the policy as and when it deems necessary. The right to interpret/amend/modify this policy vests in the Board of Directors of the Company.
- ii. This policy may be amended or substituted by the Board as and when required.
- iii. This policy as amended from time to time shall be made available on the website of the Company.

