

## **NOMINATION AND REMUNERATION POLICY**

### **Introduction:**

This Policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors. Details of the Committee and of the Policy are as under:

### **Objectives of the Committee:** The Committee shall:

1. Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal *vide* Section 178 of Companies Act, 2013
2. Formulate 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 *vide* Section 178 of Companies Act, 2013.

The Committee shall, while formulating the Policy, ensure that-

- a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
  - b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - c. remuneration to Directors, key managerial personnel 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 *vide* Section 178 of Companies Act, 2013
3. Formulation of criteria for evaluation of Independent Directors and the Board;
  4. Devising a policy on Board diversity;
  5. To undertake process of due diligence to determine the suitability of Directors, based upon qualification, track record, integrity and other fit and proper criteria;
  6. To recommend the Director's appointment/continuing to hold appointment as a Director on the Board;
  7. To ensure that such persons meet the relevant criteria prescribed under applicable laws;
  8. To review the said criteria from time to time;
  9. To fix / re-fix the remuneration of the Executive Directors (Whole-Time Directors) of the Company, if any;
  10. The Committee shall approve the remuneration / any change therein of the managerial personnel of the Company when there are no profits / inadequate profits / negative effective capital as per Schedule V to the Companies Act, 2013.

11. The Committee while approving the overall remuneration of the Executive Directors of the Company shall:
  - a. take into account, financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration, employee stock options granted by the Board, etc.
  - b. be in a position to bring about objectivity in determining the remuneration package while striking a balance between the interest of the company and the shareholders.
12. The Committee shall have no authority to delegate its powers and duties.
13. Any other matter delegated by the Board from time to time.

**Definitions:**

- **“Board”**:- Board means Board of Directors of the Company.
- **“Director”**:- Director means Director of the Company.
- **“Committee”**:- Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.
- **“Company”**:- Company means Rajesh Exports Limited.
- **“Independent Director”**:- As provided under clause 49 of the Listing Agreement and under the Companies Act, 2013,
- **“Key Managerial Personnel”**:- Key Managerial Personnel (KMP) means-
  - (i) the Chief Executive Officer or the managing director or the manager;
  - (ii) the Company Secretary;
  - (iii) the Whole-Time Director;
  - (iv) the Chief Financial Officer; and
  - (v) such other officer as may be prescribed under the applicable statutory provisions / regulations
- **“Senior Management”**:- The expression “senior management” means 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. Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

**Applicability:-** The Policy is applicable to

- Directors (Executive and Non Executive)
- Key Managerial Personnel
- Senior Management Personnel

**Constitution of the Nomination and Remuneration Committee:** The Board has the power to constitute/ reconstitute the Committee from time to time in order to make it consistent with the Company's policy and applicable statutory requirement. At present, the Nomination and Remuneration Committee comprises of following Directors:

1. Mr. Mr. Y. Venu Madhava Reddy - Chairman (Independent- Non executive)
2. Mr. G. Shanker Prasad - Member (Non Independent- Non executive)
3. Ms. Vijaya Lakshmi - Member (Independent- Non executive)
4. Mr. Rajesh Mehta – Member (Executive)

**General Appointment Criteria:**

- i. The Company is required to appoint a MD/Manager/CEO and in their absence a WTD as one of the KMPs. The Company is also required to appoint a Company Secretary and a Chief Financial Officer. The Company may also appoint a Chief Executive Officer who may or may not be a Director.
- 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 shall 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, Listing Agreement 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 there under, Listing Agreement or any other enactment for the time being in force.
- v. The appointees in various designations shall be qualified for the post.
- vi. Letters of Appointment - Each Director/KMP/Senior Officials is required to sign the letter of appointment with the Company containing the terms of appointment and the role assigned in the Company

### **Additional Criteria for Appointment of Independent Directors:**

The Committee shall consider qualifications and appointment for Independent Directors as per the provisions of clause 49 of the Listing Agreement and the Companies Act, 2013.

### **Term / Tenure:**

The Term / Tenure of the Directors shall be governed as per provisions of the Companies Act, 2013 and the Rules made there under as amended from time to time.

### **Termination:**

The Directors and others may terminate from the Board on their own accord. The notice period for termination of the contract of employment shall be as agreed to between the appointee and the Company.

### **Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, the 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.

### **Criteria for Evaluation of Independent Director and the Board:**

The evaluation/assessment of the Directors, KMPs and the senior officials of the Company is to be conducted on an annual basis and to satisfy the requirements of the Listing Agreement. Following are the Criteria for evaluation of performance of Independent Directors and the Board:

**1. Executive Directors:** The Executive Directors shall be evaluated on the basis of targets / Criteria given to executive Directors by the board from time to time

**2. Non Executive Director:** The Non Executive Directors shall be evaluated on the basis of the following criteria i.e. whether they:

- a. act objectively and constructively while exercising their duties;
- b. exercise their responsibilities in a bona fide manner in the interest of the Company;
- c. devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- d. do not abuse their position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- e. refrain from any action that would lead to loss of his independence;
- f. inform the Board immediately when they lose their independence;

- g. assist the company in implementing the best corporate governance practices;
- h. strive to attend all meetings of the Board of Directors and the Committees;
- i. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- j. strive to attend the general meetings of the company;
- k. keep themselves well informed about the company and the external environment in which it operates;
- l. do not unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- m. moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholders' interest.
- n. abide by Company's Memorandum and Articles of Association, Company's policies and procedures including code of conduct, insider trading guidelines etc.

Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/Non-Independent Directors in a separate meeting of the Independent Directors. The Executive Director/Non-Independent Directors along with the Independent Directors will evaluate/assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion.

### **3. KMP's and Senior Officials additional evaluation criteria:**

- I. leadership & stewardship abilities;
- II. contributing to clearly define corporate objectives & plans;
- III. communication of expectations & concerns clearly with subordinates;
- IV. obtain adequate, relevant & timely information from external sources;
- V. review & approval of achievement of strategic and operational plans, objectives, budgets;
- VI. regular monitoring of corporate results against projections;
- VII. identify, monitor & mitigate significant corporate risks;
- VIII. assess policies, structures & procedures and (ix) review of corporation's ethical conduct;

**Policy on Board diversity:** The Board of Directors shall have the optimum combination of Directors from the different areas / fields like production, Management, Quality Assurance, Finance, Sales and Marketing, Supply chain, Research and Development , Human Resources etc or as may be considered appropriate. The Board shall have atleast one Board member who has accounting or related financial management expertise and atleast three members who are financially literate.

**Remuneration:** The Committee will recommend the remuneration to be paid to the Managing Director, Whole-Time Director, KMP and Senior Management Personnel to the Board for their approval. The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel and

Senior Management of the quality required to run the Company successfully. 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 wherever considered reasonable reflecting short and long-term performance objectives appropriate to the working of the company and its goals. Payment of bonus, contribution to Provident and other Funds, ESI etc. shall be in accordance with the regulations.

**1. Director/ Managing Director**

Besides the above criteria, 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 thereunder or any other enactment for the time being in force.

**2. Non executive / Independent Directors**

The Non- Executive Independent Directors are not entitled to any stock option and may receive remuneration by way of sitting fees, reimbursement of expenses (travel and other related expenses incurred for attending the meetings) for attending meetings of Board or Committee thereof and profit related commission. Provided that the amount of such fees shall be subject to ceiling/ limits as provided under The Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

**3. KMPs / Senior Management Personnel etc**

The Remuneration to be paid to KMPs/ Senior Management Personnel shall be based on the experience, qualification and expertise of the related personnel and governed by the limits, if any prescribed under the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

**4. Directors and Officers' Insurance**

Where any insurance is taken by the Company on behalf of its Directors, KMPs/ Senior Management Personnel etc. 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.

**Deviations and Changes to the Policy:** The Board may vary the above policy on need basis in accordance with the applicable laws in force. The Remuneration Committee may review the above policy from time to time to cope with the changed scenario and manpower requirements and suggest suitable changes on its own or at the request of the Board.