



**SITA SHREE**  
FOOD PRODUCTS LTD.

# **NOMINATION AND REMUNERATION POLICY**

## **I. PREFACE**

The Remuneration Committee of Sita Shree Food Products Limited (“the Company”) has been formed to review and make recommendations on annual salaries, performance commission, perquisites and other employment conditions of the Executive Directors, Key Managerial Personnel and other employees. In order to align with the provisions of the Companies Act, 2013 and the Listing Agreement, the Board changed the nomenclature of “Remuneration Committee” as “Nomination and Remuneration Committee”.

## **II. OBJECTIVE**

The Nomination and Remuneration Committee and this Policy is in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement.

The Key Objectives of the Committee would be:

- a) to guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) to evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- c) to recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

## **III. DEFINITIONS**

The definitions of some of the key terms used in this Policy are given below.

*Terms not defined in the policy shall have the meaning as per the Companies Act, 2013.*

1. **“Key Managerial Personnel”** means –
  - i. Chief Executive Officer or the Managing Director or the Manager;
  - ii. Company Secretary,
  - iii. Whole-time Director;
  - iv. Chief Financial Officer; and
  - v. Such other officer as may be prescribed.
2. **“Senior Management”** means Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the executive directors including all functional heads.

## **IV. ROLE OF COMMITTEE:**

The role of the Committee inter alia will be the following:

- a) to formulate a criteria for determining qualifications, positive attributes and independence of a Director;
- b) to recommend to the Board the appointment and removal of Senior Management;

- c) to carry out evaluation of Director's performance and recommend to the Board appointment / removal based on his / her performance;
- d) to recommend to the Board on (i) policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management and (ii) Executive Directors remuneration and incentive;
- e) to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- f) ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- g) to devise a policy on Board diversity;
- h) to develop a succession plan for the Board and to regularly review the plan.

#### **V. MEMBERSHIP:**

- a) The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- b) Minimum two (2) members shall constitute a quorum for the Committee meeting.
- c) Membership of the Committee shall be disclosed in the Annual Report.
- d) Term of the Committee shall be continued unless terminated by the Board of Directors.

#### **VI. CHAIRMAN:**

- a) Chairman of the Committee shall be an Independent Director.
- b) Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d) Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

#### **VII. FREQUENCY OF MEETINGS:**

The meeting of the Committee shall be held at such regular intervals as may be required.

#### **VIII. COMMITTEE MEMBERS' INTERESTS:**

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

#### **IX. SECRETARY:**

The Company Secretary of the Company shall act as Secretary of the Committee.

#### **X. VOTING:**

- a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## **XI. NOMINATION DUTIES:**

The duties of the Committee in relation to nomination matters include:

- Ensuring that there is an appropriate induction & training programme in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Companies Act, 2013;
- Identifying and recommending Directors who are to be put forward for retirement by rotation.
- Determining the appropriate size, diversity and composition of the Board;
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board.
- Considering any other matters as may be requested by the Board; and

## **XII. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT:**

### **1. Appointment Criteria and Qualifications**

a) 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.

b) 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.

c) 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.

### **2. Term / Tenure**

#### **a) 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 earlier than one year before the expiry of term.

#### **b) 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 upto 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.

- 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 three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

### **3. Evaluation**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

### **4. Removal**

Due to reasons for any disqualification 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 Personnel subject to the provisions and compliance of the said Act, rules and regulations.

### **5. Retirement**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act 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.

## **XIII. REMUNERATION DUTIES:**

The duties of the Committee in relation to remuneration matters include:

- to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- to approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- to delegate any of its powers to one or more of its members or the Secretary of the Committee
- to consider any other matters as may be requested by the Board;
- Professional indemnity and liability insurance for Directors and senior management.

## **XIV. POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL:**

### **1. Remuneration to Managing/Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:**

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 there under or any other enactment for the time being in force.

### **2. Remuneration to Non- Executive / Independent Director:**

They will be paid such remuneration by way of setting fees for meetings of the Board and its Committees as may be decided by the Board. The amount of sitting fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

## XV. EVALUATION POLICY:

Pursuant to section 134 (3) (p) of companies act 2013 and rule 8(4) of Companies (Accounts) Rules, 2014 and clause 49 iv (b) of listing agreement, the Board has Carried out an evaluation of its own performance, the directors individually as well as the evaluation of its Committees as per the criteria laid down in the Nomination, Remuneration and Evaluation policy. Further the Independent directors have also reviewed the performance of Non-Independent directors and Board as a whole including reviewing the performance of the Chairperson of the company taken into account the views of Executive Directors and Non-Executive Directors vide their separate meeting which was held on 27.03.2015 at the Registered Office of the Company. The said policy including above said criteria for the evaluation of the Board, individual directors including independent directors and the committee of the board has been laid down in the Corporate Governance Report, which form part of this report.

As per the Performance Evaluation Policy framed by the Nomination and Remuneration Committee; the following parameters for the purpose of evaluating the performance of the Board and that of Committees and Individual Directors:

Rating Scale

RATING	DESCRIPTION
1	Does not meet evaluation parameter
2	Meets evaluation parameter
3	Exceeds evaluation parameter
N/A	Not Applicable

Evaluation of Board

Some of the specific issues and questions that should be considered in a performance evaluation of the entire Board by the Independent Directors are set out below:

S. No.	Assessment Criteria
1	Is the composition of the board appropriate with the right mix of knowledge and skills required to drive organizational performance in the light of future strategy?
2	Members of the board meet all applicable independence requirements.
3	The Board of Directors is effective in establishing a corporate environment that promotes timely and effective disclosure, fiscal accountability, high ethical standards and compliance with applicable laws and regulations.
4	The Board of Directors is effective in developing a corporate governance structure that allows and encourages the Board to fulfill its responsibilities.
5	The Company's systems of control are effective for identifying material risks and reporting material violations of policies and law and The Board is provided with sufficient information about material risks and problems that affects the Company's business and prospects.
6	The Board receives regular financial updates and takes all necessary steps to ensure the operations of the organization are sound and reviews the organization's performance in carrying out the stated mission on a regular basis.
7	Are sufficient numbers of board meetings, of appropriate length, being held to enable proper consideration of issues?
8	The information provided to directors prior to Board meetings meets expectations in terms of length and level of detail and Board members come prepared to meetings and ask appropriate questions of management and address issues that might present a conflict of interest.
9	Board meetings are conducted in a manner that encourages open communication, meaningful participation, and timely resolution of issues.
10	The Chairman of the Board effectively and appropriately leads and facilitates the Board meetings and the policy and governance work of the Board.

11	Nomination and appointment of Board members and their Remuneration follow clearly established procedures using known criteria as laid down by the Nomination and Remuneration Committee.
12	The Board oversees the role of the independent auditor from selection to termination and has an effective process to evaluate the independent auditor's qualifications and performance (through its Audit Committee).
13	Company has a system for Corporate Social Responsibility, Stakeholder Relationships and for prohibition of insider trading
14	Company has necessary Committees which are required and these Committees are working effectively
15	Adherence to Internal Policies and Procedures.

Based on the above criteria Board has to be assessed by giving a rating according to the Rating Scale. The total number of the ratings awarded will be averaged over the number of persons who have awarded the ratings. The process of evaluation shall be done by Independent Directors only. Assistance in the process will be provided by a person so authorized by the Board, and for this purpose the person will report to the Board.

#### Evaluation of Committees

Some of the specific issues and questions that should be considered in a performance evaluation of the Committees of the Board are set out below:

S. No.	Assessment Criteria
1	Compliance with Articles of Association, Companies Act and Other applicable laws.
2	Compliance with Code of Conduct of the Company.
3	Committee's accomplishments w.r.t. performance objectives.
4	Adherence to Articles of Association, Companies Act and Other applicable laws.
5	Redressal of Complaints and Grievances.
6	Coordination with other committees and with Board of Directors.
7	Fulfilment of Roles and Responsibilities in accordance to Companies Act and Listing Agreement.
8	Adherence to Internal Policies and Procedures.

Based on the above criteria Committees has to be assessed by giving a rating according to the Rating Scale. The total number of the ratings awarded will be averaged over the number of persons who have awarded the ratings. The process of evaluation shall be done all the Directors of the Company. Assistance in the process will be provided by a person so authorized by the Board, and for this purpose the person will report to the Board.

#### Evaluation of Individual Directors (Independent Directors)

Some of the specific issues and questions that should be considered in the performance evaluation of an Independent Director, (the exercise in which the concerned director being evaluated shall not be included) are set out below:

S. No.	Assessment Criteria
1	Attendance and participations in the Meetings and timely inputs on the minutes of the meetings
2	Adherence to code of conduct of Company and disclosure of non – independence, as and when it exists and disclosure of interest
3	Raising of valid concerns to the Board and constructive contribution to resolution of issues at meetings
4	Interpersonal relations with other directors and management
5	Objective evaluation of Board's performance, rendering independent, unbiased opinion
6	Understanding of the Company and the external environment in which it operates and contribution to strategic direction.
7	Safeguarding interest of whistle-blowers under vigil mechanism and Safeguard of confidential information
8	Adherence to Internal Policies and Procedures.

Based on the above criteria each of the Independent Directors has to be assessed by giving a rating according to the Rating Scale. The total number of the ratings awarded will be averaged over the number of persons who have awarded the ratings.

The process of evaluation shall be done by the other directors (including other Independent Directors). Assistance in the process will be provided by a person so authorized by the Board, and for this purpose the person will report to the Board.

**Evaluation of Individual Directors (NON – INDEPENDENT DIRECTORS / CMD / WTD)**

Some of the specific issues and questions that should be considered in the performance evaluation of an Non-Independent Director /WTD/ CMD, (the exercise in which the concerned director being evaluated shall not be included) are set out below:

S. No.	Assessment Criteria
1	Attendance, participations in the Meetings and timely inputs on the minutes of the meetings
2	Contribution towards growth of the Company including actual vis-a-vis budgeted performance.
3	Leadership initiative, like new ideas and planning towards growth of the Company and steps initiated towards Branding of the Company
4	Adherence to code of conduct of Company
5	Team work attributes and supervising & training of staff members
6	Compliance with policies, Reporting of frauds, violation etc. and disclosure of interest
7	Safeguarding of interest of whistle blowers under vigil mechanism and Safeguard of confidential information
8	Adherence to Internal Policies and Procedures.

Based on the above criteria each of the Non – Independent Directors / CMD / WTD has to be assessed by giving a rating according to the Rating Scale. The total number of the ratings awarded will be averaged over the number of persons who have awarded the ratings.

The process of evaluation shall be done by the other directors (including other Non – Independent Directors / CMD / WTD). Assistance in the process will be provided by a person so authorized by the Board, and for this purpose the person will report to the Board.

**XVI. MINUTES OF COMMITTEE MEETING:**

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

**XVII. REVIEW AND AMENDMENT**

- i. The Nomination and Remuneration Committee or the Board may review the Policy as and when it deems necessary.
- ii. The Nomination and Remuneration Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
- ii. This Policy may be amended or substituted by the Nomination and Remuneration Committee or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.

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