

## **BARAMATI AGRO LIMITED**

### **NOMINATION & REMUNERATION POLICY**

#### **1. Introduction**

The Company considers human resources as its invaluable assets. This policy on Nomination and Remuneration of Directors, Key Managerial Personnel (KMPs) and other employees has been formulated in terms of the provisions of the Companies Act, 2013 and in order to pay equitable remuneration to the Directors, KMPs and employees of the Company and to harmonies the aspirations of human resources consistent with the goals of the Company.

#### **2. Objective and purpose of the policy:**

- 2.1 To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive / Non-Executive) and recommend to the Board, policies relating to the remuneration of the Directors, Key Managerial Personnels etc. This includes, reviewing and approving corporate goals and objectives relevant to the compensation of the Chief Executive Officer (CEO), evaluating the CEO's performance in light of those goals and objectives either as a committee or together with the other Independent Directors (as directed by the Board), determine and approve the CEO's compensation level based on this evaluation; and making recommendations to the Board with respect to non-CEO executive officer compensation and incentive-compensation and equity based plans that are subject to Board's approval;
- 2.2 The policy also addresses the following items: Committee member qualifications; Committee member appointment & removal; Committee structure and operations; and Committee reporting to the Board.
- 2.3 To formulate the criteria for evaluation of performance of all the Directors on the Board;
- 2.4 To devise a policy on Board diversity; and
- 2.5 To lay out remuneration principles for employees linked to their effort, performance and achievement relating to Company's goals.

### **3. Constitution of the Nomination and Remuneration Committee:**

The Board constituted the Nomination and Remuneration Committee of the Board on June 18, 2014 and reconstituted on March 15, 2023. This is in line with the requirement under the Companies Act, 2013.

The Board has authority to reconstitute this committee from time to time.

#### **Definitions:**

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

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

**“Committee”** means Nomination and Remuneration Committee of the Company as constituted or re-constituted by the Board, in accordance with the Act and applicable regulations.

**“Company”** means **Baramati Agro Limited**.

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

**“Key managerial Personal”** means a Key Managerial Personal as defined in section 2(51) of the Companies Act, 2013.

**“Severance Pay / Package”** means a bundle of pay and benefits offered to a Director(s) upon cessation from a Company.

Senior Management means personnel of the company who are members of its core management team excluding the 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.

## **General**

This Policy is divided 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.

This policy shall be included in the Report of the Board of Directors.

## **PART A**

### **Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee**

The following matters shall be dealt by the Committee:-

#### **(a) Size and composition of the Board:**

Periodically reviewing the size and composition of the Board to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company as a whole;

#### **(b) Directors:**

Formulate the criteria determining qualifications, positive attributes and independence of a Director and recommending candidates to the Board, when circumstances warrant the appointment of a new Director, having regard to the range of skills, experience and expertise, on the Board and who will best complement the Board;

#### **(c) Succession plans:**

Establishing and reviewing Board and senior executive succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management;

#### **(d) Evaluation of performance:**

Make recommendations to the Board on appropriate performance criteria for the Directors. Formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company. Identify ongoing training and education programs for the Board to ensure that Non-Executive Directors are provided with adequate information regarding the options of the business, the industry and their legal responsibilities and duties.

#### **(e) Board diversity:**

The Committee is to assist the Board in ensuring Board nomination process with the diversity of gender, thought, experience, knowledge and perspective in the Board, in accordance with the Board Diversity policy.

**(f) Remuneration framework and policies:**

The Committee is responsible for reviewing and making recommendations to the Board on:

- (a) The remuneration of the Managing Director, Whole-time Directors and KMPs
- (b) The total level of remuneration of Non-Executive Directors and for individual remuneration for Non- Executive Directors and the Chairman, including any additional fees payable for membership of Board committees;
- (c) The remuneration policies for all employees including KMPs, senior management & other employees including base pay, incentive payments, equity awards, retirement rights and service contracts having regard to the need to:
  - (i) Attract and motivate talent to pursue the Company's long term growth;
  - (ii) Demonstrate a clear relationship between executive compensation and performance; and
  - (iii) Be reasonable and fair, having regard to best governance practices and legal requirements.
- (d) The Companies equity based incentive scheme including a consideration of performance thresholds and regulatory and market requirements;
- (e) The Company's superannuation arrangement & compliance with relevant laws and regulations in relation to superannuation arrangements; and
- (f) The Companies remuneration reporting in the financial statements and remuneration report.

## **PART-B**

### **Policy for appointment and removal of Director, KMPs 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 senior management level and recommend to the Board his/her appointment.
- b. A person to be appointed as Director, KMP or senior management level 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 & experience possessed by a person is sufficient / satisfactory for the concerned position.
- c. A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise and insights in sectors/areas relevant to the Company, ability to contribute to the Company's growth, complementary skills in relation to the other Board members.
- d. The Company shall not appoint or continue the employment of any person as Managing Director / Executive Director who has attained the age of Seventy Five years and shall not appoint Independent Director who has attained the age of seventy Five years. Provided that the term of the person holding this position may be extended at the discretion of the committee beyond the age of seventy Five years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to notice for such motion indicating the justification for extension of appointment beyond seventy Five years as the case may be.
- e. A whole-time KMP of the Company shall not hold office of KMP in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any Company, with the permission of the Board of Directors of the Company.

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

### **a. Managing Director / Whole-Time Director:**

The Company shall appoint or re-appoint any person as its Managing Director and CEO or Whole-time 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, 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 (Executive) Director of a listed Company.

### **c. Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013 and Rules made thereunder or under any other applicable Act, Rules and Regulations, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director or KMP subject to the provisions and compliance of the said Act, Rules and Regulations.

**d. Retirement**

The Whole-Time Directors, KMP and senior management personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Whole-Time Directors, KMP and senior management personnel in the same position/remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.



## **PART C**

### **Policy relating to the remuneration for Directors, KMPs and other employees**

#### ***General***

1. The remuneration / compensation / commission etc. to Directors will be determined by the Committee and recommended to the Board for approval.
2. The remuneration and commission to be paid to the Managing Director shall be in accordance with the provisions of the Companies Act, 2013 and the Rules made thereunder.
3. Increments to the existing remuneration/compensation 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 and Whole-Time Director.
4. Where any insurance is taken by the Company on behalf of its Managing Director, Chief Financial Officer, Company Secretary 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.

#### ***Remuneration to KMPs and other employees:***

The policy on remuneration for KMPs and other employees is as below:

##### **1. Fixed pay**

The remuneration and reward structure for employees comprises two broad components – annual remuneration and long-term rewards. The Committee would determine the remuneration of the Directors and formulate guidelines for remuneration payable to the employees.

These guidelines are as under:

##### **a. Annual remuneration:**

Annual remuneration refers to the annual compensation payable to the employees of the Company. This comprises two parts - a fixed component,

and a performance-linked variable component based on the extent of achievement of the individual's objectives and performance of the business unit. The performance-linked variable pay will be directly linked to the performance of individual components of the performance contract and the overall performance of the business. An employee's variable pay would, therefore, be directly dependent on key performance measures that represent the best interests of shareholders.

The objective is to set the total remuneration at levels to attract, motivate, and retain high-caliber and high potential personnel in a competitive global market. The total remuneration level is to be reset annually based on a comparison with the relevant peer group globally, established through independent compensation surveys, from time to time.

b. Long-term rewards:

Long-term rewards may include Long-Term Incentive Plans (LTIP) under which incentives would be granted to eligible key employees based on their contribution to the performance of the Company, relative position in the organisation and length of service under the supervision and approval of the Committee. The Company could implement various long term awards schemes that could include Long Term Incentive Programme (LTIP) spread over several years with payouts in multiple tranches linked to the Company's performance. Another form of long term awards could be in the nature of stock options of the Company. Stock options may be granted to key employees and high performers in the organisation who would be selected by the Committee based on their criticality, past performance and potential. The grant, vesting and other scheme details would be formulated from time to time.

These long-term reward schemes are implemented to attract and retain key talent in the industry.

**2. Minimum remuneration to Managing Director:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director in accordance with the provisions of Schedule V of the Companies Act, 2013 read with all the Rules, Regulations, Notifications, Circulars made thereunder.

### **3. Remuneration to Non-Executive/Independent Directors:**

The Board upon its discretion can pay the remuneration to any Non-Executive Director based on the remuneration structure which shall be decided by the Board based on the recommendation of the Committee and revised from time to time, depending on individual contribution to the Company's performance and the provisions of the Companies Act, 2013 and the Rules made thereunder.

### **4. Severance Pay / Package:**

Board may approve a Severance pay / package to the Managing Director, Whole-Time Director or Executive Director(s) on recommendation of the Nomination and Remuneration Committee. The Approved Severance pay/ package shall be in accordance with the provisions of the Companies Act, 2013 and the Rules made thereunder. Such Director(s) will be entitled to Severance pay on fulfillment of such conditions as may be mentioned in the Agreement entered with the Director(s).

For **Baramati Agro Limited**

**Devendra Kulkarni**  
**Company Secretary**

**Date: 22.05.2023**