

PROVENTUS AGROCOM LTD

Policy on POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

Proventus Agrocom Limited

(Formerly known as Proventus Agrocom Private Limited)

Regd. Address: 515, 5th Floor, 215 Atrium, Wing C, Andheri Kurla Road, Andheri East, Mumbai 400059

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CIN: U74999MH2015PLC269390

The Policy

The Policy on Appointment and Remuneration of Directors and Key Managerial Personnel (the Policy) provides an underlying basis and guide for human resource management, thereby aligning plans for strategic growth of the Company. This Policy is framed pursuant to Section 178 (4) of the Companies Act 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

1. Objective:

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013, as amended from time to time, read along with the applicable Rules thereto. The Key Objectives of the Committee are:

- i. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel (hereinafter referred to as "KMP") and other employees as may be prescribed under the Companies Act, 2013.
- ii. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- iii. To recommend to the Board on remuneration payable to the Directors, KMP and other employees as may be prescribed under the Companies Act, 2013.
- iv. To provide to KMP and other employees as may be prescribed under the Companies Act, 2013, reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- v. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- vi. To develop a succession plan for the Board and to regularly review the succession plan;

2. Definitions:

- i. "Act" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- ii. "Board" means Board of Directors of the Company.
- iii. "Directors" mean Directors of the Company.
- iv. "Company" means Proventus Agrocom Limited
- v. "Committee" means Nomination and Remuneration Committee of the Company

2.1. Key Managerial Personnel (KMP) means

- a. Managing Director
- b. Chief Financial Officer;
- c. Company Secretary;
- d. Whole Time Director
- e. Chief Executive Officer
- f. Such other officer, not more than one level below the directors who is in whole-time employment, designated as Key Managerial Personnel by the Board;

2.2. Other Employees prescribed under the Companies Act, 2013, means personnel of the Company who are members of its core management team being one level below the Board.

3. Role of Committee:

3.1. Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee:

The Committee shall:

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3.1.1. Formulate the criteria for determining qualifications, positive attributes and independence of a director

3.1.2. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this Policy.

3.1.3. Recommend to the Board, appointment and removal of Director, KMP and other employees.

3.2. Policy for appointment and removal of Director, KMP and other employees

3.2.1. Appointment criteria and qualifications

a) The Committee shall identify and ascertain the integrity, qualification, and experience of the person for appointment as Director, KMP or at other level as may be prescribed under the law and recommend to the Board his / her appointment.

b) A person should possess adequate qualification and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification 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 on 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 indicating the justification for extension of appointment beyond seventy years.

3.2.2. 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

3.2.3. Evaluation:

The Nomination and Remuneration Committee shall carry out yearly Performance Evaluation for all Board members. The evaluation of Independent Directors shall be done by the entire Board of Directors which shall include

(a) performance of the directors; and

(b) fulfillment of the independence criteria as specified in these Regulations and their independence from the management

(c) On the basis of the report of Performance Evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director

Company Secretary and Compliance Officer will undertake the process for and on behalf of the Nomination and Remuneration Committee and submit the report to Nomination and Remuneration Committee Chairman.

Nomination and Remuneration Committee Chairman will present it to the Board Chairman and discuss it during Board Meeting.

3.2.4. Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with

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reasons recorded In writing, removal of a Director, KMP or other employee subject to the provisions and compliance of the said Act, rules and regulations.

3.2.5. Retirement:

The Director, KMP and other employees 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 Director, KMP, other employees in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

3.3.1 Policy relating to the Remuneration for the Whole-Time Director, KMP and other employees:

- a. The remuneration/compensation/commission etc. to the Whole Time Director, KMP and other employees will be determined by the Committee and recommended to the Board for approval. The remuneration/compensation/commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, whenever required.
- b. The remuneration and commission to be paid to the Whole Time Director shall be in accordance with the percentage/slabs/conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013.
- c. Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board which would be within the slabs approved by the Shareholders in the case of Whole Time Director.
- d. Where any insurance is taken by the Company on behalf of its Whole Time Director, Chief Executive Officer, Chief Financial Officer, the 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.
- e. In case any difficulty or doubt arises in the interpretation or implementation of this policy, the decision of the Chairman / Managing Director of the Company shall be final. In exceptional circumstances, the Chairman / Managing Director shall be authorized to exercise functions vested in the committee in so far as these relate to Key Managerial Personnel covered under Clauses 2.4.3, 2.4.4 and other employees; provided however that such actions taken by the Chairman and Managing Director shall be placed before the Committee for ratification in the succeeding Committee Meeting.

3.3.2 Remuneration to Whole Time/ Executive/Managing Director, KMP and other employees:

a) Fixed Pay:

The Whole-Time Director/ KMP and such other employees 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/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

b) Minimum remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its 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.

c) Provisions for excess remuneration:

If any Whole-Time 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 the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and

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unless such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

3.3.3. Remuneration to Non- Executive / Independent Director:

Remuneration / Commission/ Sitting Fee:

The remuneration / commission / sitting fee, if any paid , shall be fixed as per Articles of Association and the Companies Act, 2013 read with applicable rules.

4. Membership:

- i. The Committee shall consist of a minimum 3 Non-Executive directors, majority of them being independent.
- ii. Membership of the Committee shall be disclosed in the Annual Report.
- iii. Term of the Committee shall be continued unless terminated by the Board of Directors.

5. Chairperson

- a. Chairperson 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 Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- 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.

6. Frequency of Meetings

The Nomination and Remuneration Committee shall meet at least once in a year

The quorum for a meeting of the Nomination and Remuneration Committee shall be either two members or one third of the members of the Committee, whichever is greater, including at least one Independent Director in attendance.

7. Committee members' Interests:

- i. 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.
- ii. The Committee may invite such Executives, as it considers appropriate, to be present at the meetings of the Committee.

8. Secretary:

The Company Secretary or any other nominee of the Company shall act as Secretary of the Committee.

9. Voting:

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

10. Duties:

Remuneration

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- a. Determine and agree with the Board the framework or broad policy for the remuneration of the Company's Managing Director /Chief Executive, Chairman, the Executive/ Whole Time Directors, and such other members of the Executive management as it is designated to consider. No director or manager shall be involved in any decisions as to their own remuneration;
- b. in determining such policy, take into account all factors which it deems necessary and review and approve for the Managing Director and other Executive Directors on the Board of Directors:
1. Annual base salary;
 2. Annual incentive bonus, including specific goals and amount;
 3. Equity compensation;
 4. Employment agreements and other service agreements; and
 5. Any other benefits / compensation payable to Managing Director, Executive Directors or Key Management Personnel; and
 6. To ensure that members of the Executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
 7. Review the performance of the Managing Director and Executive Director on the Board of Directors at such intervals as the Committee may deem fit.
- c. review the ongoing appropriateness and relevance of the Nomination and Remuneration Policy;
- d. approve the design of, and determine targets for, any performance related pay schemes scheme operated by the Company and approve the total annual payments made under such schemes.
- e. review the design of all share incentive plans/ stock options for approval by the Board and shareholders. For any such plans, determine each year whether options would be granted and if so, the overall amount of such awards, including:-
- i. the quantum of options to be granted under Employees' Stock Option Scheme per employee and in aggregate;
 - ii. the conditions under which options vested in employees may lapse in case of termination of employment for misconduct;
 - iii. the exercise period within which the employee should exercise the option and that the options would lapse on failure to exercise the option within the exercise period.
 - iv. the specified me period within which the employee should exercise the vested options in the event of termination or resignation of an employee;
 - v. the right of an employee to exercise all the options vested in him at one me or at various points of me within the exercise period;
 - vi. the procedure for making a fair and reasonable adjustments to the number of options and the exercise price in case of corporate actions such as right issues, bonus issues, merger , sale of division and others;
 - vii. the granting, vesting and exercising of options in case of employees who are on long leave; and the procedure for cashless exercise of options
- f. determine the policy for, and scope of, pension arrangements for each Executive Director and other employees;
- g. ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;

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- h. within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive Officer as appropriate, determine the total individual remuneration package of each Executive and Non-Executive director and other employees including bonuses, incentive payments and share options or other share awards, if any;
- i. in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the SEBI Guidelines and Companies Act, 2013 and other applicable laws;
- j. review and note annually the remuneration trends across the Company or group;
- k. oversee any major changes in employee benefits structures throughout the Company or group;
- l. ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled;
- m. be exclusively responsible for establishing the selection criteria, selecting, appointing and serving the terms of reference for any remuneration consultants who advise the Committee;
- n. obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.

11. Nomination:

- i. Regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
- ii. give full consideration to succession planning for directors and other employees in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and experience are therefore needed on the Board and in the Company and make consequential recommendation to the Board of Directors.
- iii. keep under review the leadership needs of the organization, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- iv. keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- v. review annually the performance required from non-executive directors. Performance Evaluation should be used to assess whether the non-executive directors are spending enough time to fulfill their duties;
- vi. ensure that on appointment to the Independent Directors receive a formal letter of appointment stating out clearly what is expected of them in terms of time commitment, Committee service and involvement outside Board meetings;
- vii. The Committee:
 - a. shall 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 and shall carry out evaluation of every director's performance and shall recommend to the Board, all remuneration, in whatever form, payable to Senior Management. (Senior Management as defined under Section 178 of the Companies Act 2013 and also pursuant to Regulation 16 of SEBI Listing Obligation and Disclosure Requirement (LODR) Regulations read with its Amendments.)

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b. shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees

c. while formulating the policy under clause (b) above 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 other employees 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, provided that such policy shall be disclosed in the Board's Report.

viii. The Committee shall also make recommendations to the Board concerning:

(a) formulating plans for succession for both Executive and Non-Executive Directors;

(b) membership of the Audit Committee in consultation with the Chairman of that Committee;

(c) the re-appointment of any Non-Executive and Independent director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;

(d) the re-election by shareholders of any director under the 'retirement by rotation' provisions in the Company's Articles of Association having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;

(e) 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 provisions of the Law and their service contract

(f) the appointment of any Director to Executive Director or other office or position of profit within the Company.

12. MINUTES OF COMMITTEE MEETING

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