

Rungta Irrigation Limited



An ISO 9001:2008 Certified Company

REMUNERATION POLICY

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REMUNERATION POLICY

PURPOSE:

The purpose of this “Remuneration Policy” is to provide a framework and principles which will guide the remuneration strategy of Rungta Irrigation Limited (“Company”) for its Directors including Managing Director and Whole Time Director(s), Key Managerial Personnel and other employees. The Remuneration Policy shall ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate its Directors and personnel to guide and manage the Company successfully.

DEFINITIONS:

In this Remuneration Policy, unless the context otherwise requires:

- i. “**Act**” means the Companies Act, 2013 including any modification or re-enactment thereof;
- ii. “**Board**” means the Board of Directors of the Company;
- iii. “**Committee**” means Nomination and Remuneration Committee of the Board constituted in accordance with the provisions of Section 178 of the Act and the Listing Regulations;
- iv. “**Employees’ Stock Options**” means the options given or to be given by the Company to the Managing Director and/ or employees of the Company which gives them the right to purchase, or to subscribe for, the equity shares of the Company at a future date at a pre-determined price;
- v. “**Independent Director**” means the independent director of the Company appointed in pursuance of the Act and Listing Regulations;
- vi. “**Key Managerial Personnel**” or “**KMP**” means the person(s) appointed as such in pursuance of Section 203 of the Act read with Section 2(51) of the Act;
- vii. “**Listing Regulations**” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended or replaced from time to time;
- viii. “**Management Committee**” means a committee of the Company comprising of employees holding the position of Vice President or above and KMPs;
- ix. “**Relevant Laws**” means the Act, Rules and Listing Regulations;
- x. “**Remuneration**” means any money or its equivalent given or passed to any person for services rendered by him/ her and includes perquisites and other benefits;
- xi. “**Rules**” means the rules framed under the Act, as amended or replaced from time to time; and
- xii. “**Senior Management**” means the employee of the Company holding the position of Vice President or above, Company Secretary and Chief Financial Officer of the Company.

APPOINTMENT AND REMOVAL OF DIRECTORS, KMPs AND SENIOR MANAGEMENT PERSONNEL:

Appointment Criterion and Qualifications:

A person proposed to be employed by the Company at Senior Management shall fulfill the following criterion:

- a) He / she should be a person of integrity with high level of ethical standards.
- b) The person should possess adequate qualification, positive attributes, expertise and experience commensurate with 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 / adequate for the concerned position.
- c) The person should not have been convicted by a court of law of any offence, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for 6 months or more during last 5 years or imprisonment for 7 years or more at any point in time.

- d) The person should possess requisite qualifications (wherever applicable) as may be prescribed under any law, rules, regulations and Listing Regulations.

The persons proposed to be appointed as Directors including Managing Director or Whole Time Director(s) shall fulfill the following criterion:

- e) He / she should be person of integrity with high level of ethical standards.
- f) The person should have requisite qualification and experience in any of the areas like technical, finance, law, public administration, management, marketing, production, human resource, etc., as may be required in the context of the business and operations of the Company. The Committee has discretion to decide whether the qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- g) The person should not have been disqualified to be a director as per the provisions of the Act, Rules and any other law and regulation for the time being in force.
- h) In case of appointment as Independent Director, the person should fulfill the criterion of independence prescribed under the Act, Rules and the Listing Regulations.

Recommendation of the Committee:

Depending upon the requirement of the Company, the Committee shall identify the persons who are qualified to become Directors including Managing Director and Whole Time Director(s) and who may be appointed in Senior Management and as Key Managerial Personnel in accordance with the criterion mentioned above and recommend to the Board their appointment including the Remuneration and other terms of their appointment.

The Committee shall also recommend to the Board, all Remuneration in whatever form payable to the Directors including Managing Director and Whole Time Director(s), KMPs and Senior Management personnel including the increment and performance incentive payable to them.

While considering the appointment and Remuneration of Directors including Managing Director and Whole Time Director(s), KMPs and Senior Management personnel, the Board shall take into consideration the recommendations of the Committee in this regard. Unless it is required to be determined / approved by the Board or Committee or any other committee of the Board in pursuance of any provision of law, rules or regulation, the terms of employment and Remuneration including increment, performance incentive, etc. of the employees (excluding Senior Management) are determined by the Management Committee or Managing Director of the Company.

Removal:

Due to any disqualification mentioned in the Act, Rules or under any other law, rules and regulations or violation of the Code of Conduct and Ethics of the Company, the Committee may recommend to the Board, removal of the concerned Director including Managing Director and Whole Time Director, KMP or Senior Management personnel from the services of the Company, with the reasons recorded in writing. Such removal of a Director, KMP or Senior Management personnel by the Board shall be subject to the provisions and in compliance of the Act, Rules and any other laws, rules and regulations, as may be applicable.

Retirement:

Unless removed by the competent authority,

- a) A Director including Managing Director and Whole Time Director(s), if any, shall retire as per the terms of his/ her appointment / re-appointment.
- b) Senior Management personnel shall retire as per the prevailing retirement policy of the Company.
- c) The Board shall have the discretion to retain KMPs or Senior Management personnel on the same or similar position, remuneration or otherwise even after their attaining the age of superannuation, as it may deem fit.

REMUNERATION STRUCTURE & COMPONENTS:

Managing Director and Whole Time Director(s)

The Managing Director and Whole Time Director(s) shall be paid both fixed and variable components of Remuneration subject to the provisions of the Act, Rules and other laws, rules and regulations and the Listing Regulations. The variable component of Remuneration shall have a co-relationship with the performance of such a Director against a prescribed benchmark along with the factors such as financial performance of the Company. The Committee shall recommend to the Board from time to time Remuneration packages for Managing Director(s) and Whole Time Director(s) keeping a balance between fixed and variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals including internal comparison amongst compensation of Managing Director / Whole Time Director(s) and median employee pay.

Non-Executive Directors

Non-executive Directors shall be paid adequate and reasonable sitting fee for attending meetings of the Board and committees thereof subject to the maximum amount permissible under the Act and Rules. Subject to the adequacy of the profits and approval of the Shareholders, the Company may pay commission to the Non- Executive Directors of the Company.

The Board shall determine appropriate criterion for payment of commission to Non- Executive Directors which may include the time devoted by the Directors for the business of the Company, contribution made by the Director in the functioning of the Company, etc.

Other KMPs and Employees

The payment structure, salary levels and policies pertaining to perquisites and benefits including retirement benefits are designed as per the industry practice, business needs or other factors related to the business of the Company.

The Human Resource Department undertakes review of the Remuneration through periodic benchmarking exercises, surveys and/ or market trends. The various Remuneration components are combined to ensure an appropriate and balanced Remuneration package depending upon the level of employee, job profile, performance, future potential and other relevant variables.

The Remuneration of Senior Management personnel and other employees are based on the following main principles:

- a) Demand-supply relationship of the concerned job expertise.
- b) Need of organization to retain and attract talent and its ability to pay.
- c) Employees' social aspiration for enhancing standard of living.
- d) Compensation trends in the industries in which the Company operates.

The compensation of Senior Management personnel comprises of fixed component as well as performance based incentives apart from perquisites and benefits including retirement benefits. While recommending the increment and performance incentive of Senior Management personnel, the Committee shall strike a balance between fixed and variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The Remuneration package of other employees depends upon the nature of business, job profile and other factors mentioned above. Apart from fixed component, the package may include one or more variable components such as performance based incentives, annual bonus, production linked bonus, etc., as the case may be.

GENERAL:

This Remuneration Policy can be amended, modified or revised by the Board from time to time. In case any provisions of this Remuneration Policy are contrary or inconsistent with the provisions of the Relevant Laws, the provisions of Relevant Laws shall prevail.