

GODAVARI BIOREFINERIES LIMITED



NOMINATION AND REMUNERATION POLICY

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1. Preamble

The Nomination and Remuneration Policy is framed by Godavari Biorefineries Limited in compliance of Regulation 19 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013 read with rules made thereunder, as amended from time to time.

2. Objective

The primary objectives of this Policy are as under:

- i. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- ii. 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 Directors, key managerial personnel and senior management personnel.
- iii. To ensure that the level and composition of remuneration is in line with the industry benchmark, sufficient to attract and retain right talent, at all levels and keep them motivated enough to meet the organizational objectives.
- iv. To ensure that a reasonable balance is maintained in terms of composition of remuneration (fixed and variable component).
- v. To have performance measurement parameters in place to assess the overall performance of Directors, Key Managerial Personnel, Members of Senior Management.
- vi. To develop a succession plan for the Board and to regularly review the plan.
- vii. To assist the Board in fulfilling responsibilities.
- viii. To recommend to the board, all remuneration, in whatever form, payable to senior management."

3. Definitions

- a) **"Act"** means the Companies Act, 2013 as may be amended from time to time.
- b) **"Board of Directors"** or **"Board"** means the Board of Directors of Godavari Biorefineries Limited, as constituted from time to time.

- c) **“Company”** means Godavari Biorefineries Limited.
- d) **“Independent Director”** means a director of the Company, not being a whole-time director and who satisfies other criteria for independence under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- e) **“Nomination and Remuneration Committee or NRC”** means the committee constituted by the Board of Directors of the Company in accordance with section 178 of the Act and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- f) **“Senior Management”** shall mean officers/personnel of the Company who are members of its core management team excluding Board of Directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include Company Secretary and Chief Financial Officer.
- g) Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation, amended from time to time.

4. Applicability

This policy will be applicable on following person:

- a. Directors;
- b. Key Managerial Personnel; and
- c. Senior Management Personnel.

5. Nomination Policy

The Committee shall consider following factors while Nominating candidature of any person for appointment on the Board of the Company:

- a. understanding of different fields like marketing, finance, operations management, legal, governance and other disciplines relevant to the success of Company in today's competitive business environment;

- b. understanding of the Company's business;
- c. experience in strategic issues and long-term perspectives;
- d. educational and professional background;

The Board evaluates each individual in the context of the Board as a whole, with the objective of having a group that can best perpetuate the success of the Company's business.

The NRC Committee shall, on the basis of the report of performance evaluation of Independent Directors, decide whether to extend or continue the term of appointment of the Independent Director or not.

The NRC shall identify the persons who may be appointed as Senior Management and KMP taking into consideration qualifications, experience, positive attributes, skills and competencies and such other factors as it deems appropriate.

The NRC shall recommend to the Board the appointment and removal of Senior Management and KMP of the Company.

6. Remuneration Policy

A. Managing Director/Whole-time Directors

The remuneration paid to Managing Director/Whole-time Directors shall be within the limits as approved by the Members of the Company, which may include fixed salary, perquisites, variable pay in the form of commission, other benefits and allowances and certain retiral benefits, within the overall limit under Section 197 and any other applicable provisions of the Act.

They are also eligible for stock options, if any, as per the scheme framed/to be framed by the Company, from time to time.

The NRC will determine the annual variable pay compensation in the form of annual incentive and annual increment for the executive director based on Company's and individual's performance as against the pre-agreed objectives for the year.

The executive directors, except for a promoter director, will also be eligible for ESOPs as per the ESOP scheme in force from time to time. Grants under the ESOP scheme shall be approved by the NRC.

In case of no profit or inadequacy of profit in any financial year, the remuneration payable to the executive director shall be further subject to the relevant provisions of the Act.

Executive directors will not be paid sitting fees for any Board/ committee meetings attended by them.

The remuneration payable by the Company to the executive directors shall be subject to the conditions specified in the Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

B. Non-executive/Independent Directors

Non-Executive and Independent Directors (“NEDs”) will be paid remuneration by way of sitting fees for attending Board and/or Committee Meeting(s). The sitting fees to the NEDs will be determined by the Nomination and Remuneration Committee (NRC) and recommended to the Board for its approval. Provided that, sitting fees paid to Independent Directors shall not be less than as paid to Non-Executive Director.

The Non-executive may be paid commission, subject to overall limit prescribed in the Companies Act, 2013 read with rules made there under and approval of the Members of the Company.

On recommendation of the Committee, the Board may consider appropriate additional remuneration to such NED who has devoted considerable time and efforts in relation to business and matters of the Company. Said remuneration would be within overall limit of commission or remuneration to NED and to the extent permitted under the Act. If there will be any proposal from the Board, the Committee may recommend different remuneration / fees for different Directors, keeping in view the requirement of the Company and statutory provisions. However, in no case, the sitting fees paid to NEDs or shall not be less than fees payable to other directors.

Keeping with evolving trends in industries and considering the time and efforts spent by specific NEDs, the practice of paying differential commission will be considered by the Board.

NEDs are entitled to be paid all travelling and other expenses they incur for attending to the Company's affairs, including attending meetings of the Company.

The remuneration payable by the Company to NEDs shall be subject to the conditions specified in the Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

In case of no profit or inadequate profit in any financial year, the remuneration, if any to be paid to the NEDs will be as per the provision of the Act and rules thereunder.

The Independent Directors shall not be eligible for stock options. However, Non-Executive Directors are eligible for stock options as may be decided by the Nomination and Remuneration Committee of Directors from time to time.

C. Senior Management and Key Managerial Personnel (other than MD/WTM)

In determining the remuneration of the Senior Management and KMP, NRC shall consider the following:

- a) relationship between remuneration and performance;
- b) the balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
- c) the remuneration may be divided into two components viz.
 - i. fixed comprising salaries, perquisites and retirement benefits; or/and
 - ii. variable component comprising performance bonus.
- d) Fixed compensation will be determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills, experience and performance of the employee. Fixed compensation will include basic salary, housing allowance, and a position allowance.
- e) the remuneration including annual increment and performance bonus, may be decided based on the roles and responsibilities, the Company's performance vis-à-vis KRAs, industry Benchmark.
- f) Based on the grade and seniority of employees, benefits for employees include:
 - Health-Related

- Health (hospitalization) insurance
 - Accident and life insurance
- g) Employees will also be eligible for work related facilities and perquisites as may be determined through human resources policies issued from time to time based on the grade of the employee.

A formal annual performance management process will be applicable to all employees, including senior executives. Annual increases in fixed and variable compensation of individual executives will be directly linked to the performance ratings of individual employee.

- Overall compensation shall be subject to periodic reviews which takes into account data from compensation surveys conducted by specialist firms, as well as factors such as affordability based on the Company's performance and the economic environment.
- Employees may be eligible for severance payments in accordance with the termination clause in their employment agreement subject to applicable regulatory requirements.

7. Evaluation Process

The NRC shall annually evaluate the performance of the Board and conduct an assessment of the performance of each of the Directors individually against the criteria and Evaluation Framework as determined and approved by the Board/ NRC Committee time to time.

The performance evaluation of Independent Directors shall be done by the entire Board of Directors, on the basis of recommendations of the Committee (excluding the Director being evaluated).

8. Committee Members Interest

A member of the Compensation Committee is not entitled to participate in the discussions when his/her own remuneration is discussed at a meeting or when his/her performance is being evaluated.

The Compensation Committee may invite such executives, as it considers appropriate, to be present at the meetings of the NRC.

9. Policy Review

The policy shall be periodically reviewed and brought in conformity with statutory and regulatory requirements, as and when required. This Policy and any changes thereof will be approved by the Board based on the recommendation(s) of the NRC.

This Policy has been approved at the Meeting of the Board of Directors held on September 08, 2021

10. Interpretation

In any circumstance where the provisions of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the relevant law, rule, regulation or standard will take precedence over this Policy until such time as this Policy is changed to conform to the said law, rule, regulation or standard.

11. Disclosure

A copy of this Policy shall be handed over to all Directors within one month from the date of approval by the Board. This Policy shall also be posted on the website of the Company, i.e. www.godavaribiorefineries.com