GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED

PO: NARMADANAGAR - 392 015, DIST. BHARUCH, GUJARAT

CIN: L24110GJ1976PLC002903

NOMINATION, REMUNERATION AND EVALUATION POLICY

I. PREAMBLE

Pursuant to Section 178 of the Companies Act, 2013("the Act") and Regulation 19 of the SEBI (Listing Obligations and Disclosures Requirements), Regulations, 2015("the SEBI (LODR) Regulations, 2015"), the Company is required to constitute a Nomination and Remuneration Committee. The Board of Directors had at its meeting held on dated 28th July 2014, constituted the Nomination and Remuneration Committee.

The Committee shall:

1. 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 the Directors, Key Managerial Personnel (KMP) and other employees.

1(A) for every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

(a) use the services of an external agencies, if required;

(b) consider candidates from a wide range of backgrounds, having due regard to diversity; and

(c) consider the time commitments of the candidates.

2. Formulation of criteria for evaluation of performance of Directors including Independent Directors and the Board.

3. Devising a policy on Board Diversity.

4. Identify persons who are qualified to become Directors, including Managing Director and / or Whole Time Director and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.
5. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
6. Recommend to the Board, all remuneration, in whatever form, payable to senior management.

II. OBJECTIVE

In view of the above background, the Nomination and Remuneration Policy ("Policy") is formulated to enable the Committee to execute its role and responsibilities relating to nomination and remuneration of Directors, KMP and Senior Management, ensuring the diversity on the Board and providing the framework for performance evaluation of the Directors / Board and its Committees.

III. DEFINITIONS

"The Act" shall mean the Companies Act, 2013 and rules framed there under, as amended from time to time.

"Board" means Board of Directors of the Company.

"Company" means "Gujarat Narmada Valley Fertilizers & Chemicals Limited".

"Independent Director" means a Director referred to in Section 149 (6) of the Act read with Regulation 16 of SEBI (LODR) Regulations, 2015.

"Key Managerial Personnel" (KMP) 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 under the Act.

"Nomination and Remuneration Committee" shall mean a Committee of the Board of Directors of the Company, constituted or re-constituted by the Board from time to time in accordance with the provisions of Section 178 of the Act and Regulation 19 of the SEBI (LODR) Regulations, 2015.

"Policy or This Policy" means, "Nomination, Remuneration and Evaluation Policy".

"Remuneration" means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income Tax Act, 1961.

''Senior Management'' means the officers and personnel of the Company who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the persons identified and designated as key managerial personnel, other than the board of directors, by the Company.

IV. APPLICABILITY

The Policy is applicable to -

- Directors (Executive and Non-Executive);
- Key Managerial Personnel; and
- Senior Management Personnel.

This Policy shall not be applicable in respect of appointment of Directors by Order of the Government of Gujarat pursuant to the Articles of Association.

V. COMPOSITION AND FUNCTIONING

The constitution, composition and functions of the Nomination and Remuneration committee shall be in line with the requirement of the Act read with the SEBI (LODR) Regulations, 2015, and its constitution shall

be disclosed in the Annual Report. The Board shall constitute or reconstitute the Committee from time to time to make it consistent with the applicable statutory requirements.

The Company Secretary shall act as the Secretary of the Committee. Minutes of the meetings shall be recorded and maintained by the Company Secretary and subsequently presented to the Chairman of the Committee for approval.

The meeting of the Committee shall be held at such intervals as may be required. Chairman of the Nomination and Remuneration Committee should be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries. Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members. In the case of equality of votes, the Chairman of the meeting will have a casting vote.

VI. PROCEDURE FOR SELECTION AND APPOINTMENT

The Committee shall follow the procedure mentioned below for appointment of Director, Independent Director, KMP and Senior Management Personnel and recommend their appointments to the Board.

- The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.
- The Company should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Act, rules made there under, the SEBI (LODR) Regulations, 2015 or any other enactment for the time being in force.
- In case of the appointment of Independent Director, the Director should comply with the additional criteria of his / her independence as prescribed under the Act, rules framed there under and the SEBI (LODR) Regulations, 2015. For selection of Independent Director, the Company

may use the data bank containing names, addresses and qualifications of persons who are eligible and willing to act as independent directors, maintained by anybody, institute or association, as may be notified by the Central Government, having expertise in creation and maintenance of such data bank.

- The Director / Independent Director / KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made there under, the SEBI (LODR) Regulations, 2015 or any other enactment for the time being in force.

VII. REMUNERATION

The Committee will recommend the remuneration to be paid to the Managing Director, Whole Time Director, KMP and Senior Management Personnel to the Board for their approval. The Committee shall ensure that –

- The level and composition of remuneration so determined shall be reasonable and sufficient to attract, retain and motivate Directors, Key Managerial Personnel and Senior Management of the quality required to run the Company successfully;
- The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Remuneration to Directors, KMP and Senior Management Personnel 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.

A. Managing Director/ Whole Time Director(s)

The remuneration to the Managing Director, since he/she is an IAS officer, is governed as prescribed by Government of Gujarat by the terms and conditionsas to remuneration applicable in his grade whereas in the case of other directors, the Company only pays the sitting fee and incidental expenses for attending the meetings of the Committee of Directors as well as the Board. The practice of depositing sitting fee in respect of IAS Directors

with the government treasury would be continued. No sitting fees are paid to the Managing Director.

Besides the above criteria, the Remuneration / compensation / commission etc., if any, to be paid to Managing Director / Whole-time Director(s) shall be governed as per provisions of the Act read with Schedule V and rules made there under or any other enactment for the time being in force.

B. Non-Executive / Independent Directors

The Non-Executive / Independent Directors may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof, reimbursement of expenses for participation in the Board and other meetings and for attending any other work of the Company.

Provided that the amount of such fees, shall not exceed the amount as prescribed under the Act and the rules framed there under or any other enactment for the time being in force. Further, Independent Director shall not be entitled to any stock option.

The Non-Executive Directors including Independent Directors may be paid remuneration for professional services rendered by them, provided such transactions with Independent Directors are in the ordinary course of business and are at arm's length price. The remuneration paid for such services shall be subject to provisions of the Act and approval of the Nomination and Remuneration Committee.

Provided that the payment of remuneration for services rendered by any such director in other capacity shall not be included in the overall ceiling prescribed under the Act read with Schedule V and rules made there under, if –

(a) The services rendered are of a professional nature; and
(b) In the opinion of the Committee, the director possesses the requisite qualification for the practice of the profession.

C. KMPs / Senior Management Personnel etc.

The Remuneration to be paid to KMPs / Senior Management Personnel shall be based on the experience, qualification and expertise of the related personnel and governed by the limits, if any, prescribed under the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

VIII. BOARD DIVERSITY

The Board aims to attract and maintain a Board which has appropriate mix of diversity, skills, experience and expertise in the areas like Production, Management, Technical & Chemical, Quality Assurance, Finance, Legal Compliances, Sales and Marketing, Supply Chain, Research and Development, Human Resources etc. or as may be considered appropriate.

The Committee shall review and assess the extent to which the appropriate mix of diversity, skills, experience and expertise are represented on the Board and report to the Board from time to time.

The Board, at present comprise of members, who has accounting or related financial management expertise, expertise in the field of management, laws, marketing, administration and governance. Other members are IAS having vast experience in the various areas.

IX. PERFORMANCE EVALUATION OF DIRECTORS

Appraisal of each Director of the Company shall be based on the broad criteria mentioned below and shall be done as required under the provisions of the Act, and the SEBI (LODR) Regulations, 2015.

Evaluation of Independent Director shall be carried out by the entire Board in the same way as it is done for other Directors of the Company keeping in view the role and responsibility of Independent Directors as mentioned in Schedule– IV to the Act. The interested Director shall not participate in the evaluation/s.

Based on the results of performance evaluation of each and every Director, the Committee shall recommend to the Board their re-appointment and removal.

X. CRITERIA FOR PERFORMANCE EVALUATION OF DIRECTORS

Following are the criteria for evaluation of performance of Directors and the Board:

1. Executive Directors

The Executive Directors shall be evaluated on the basis of targets / criteria given to Executive Directors by the Board from time to time.

2. Non- Executive Director

The Non-Executive Directors shall be evaluated on the basis of the following criteria, i.e. whether they:

(a) act objectively and constructively while exercising their duties;
(b) exercise their responsibilities in a bona fide manner in the interest of the Company;
(c) devote sufficient time and attention to their professional obligations for informed and balanced decision making;
(d) do not abuse their position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
(e) refrain from any action that would lead to loss of his independence;
(f) inform the Board immediately when they lose their independence;
(g) assist the Company in implementing the best corporate governance practices;
(h) strive to attend all meetings of the Board of Directors and the Committees;

(i) participate constructively and actively in the Committees of the Board in which they are chairpersons or members;
(j) strive to attend the general meetings of the Company;
(k) keep themselves well informed about the Company and the external environment in which it operates;
(l) do not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
(m) moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest;
(n) abide by Company's Memorandum and Articles of Association, Company's policies and procedures including code of conduct, insider trading guidelines etc.
(o) regularly update their knowledge so as to remain updated on latest amendments of the Acts / Rules / Regulations etc.

In addition to above criteria, an Independent Director shall also be evaluated on the following parameters:

(1) Exercise of objective independent judgment in the best interest of the Company.
(2) Ability to contribute to and monitor Corporate Governance practice.
(3) Adherence to the Code of Conduct for Independent Directors.

XI. REVIEW OF THE POLICY

Subject to the approval of the Board of Directors, the Nomination & Remuneration Committee reserves its right to review and amend this policy, if required, to ascertain its appropriateness as per the needs of the Company. Any changes or modification to the policy as recommended by the Committee would be placed before the Board of Directors for their approval.

XII. DISCLOSURE

The Company shall disclose the Policy in its Board's Report, and at such other places, in such manner as may be required under the provisions of the Act and the SEBI (LODR) Regulations, 2015 from time to time.

XIII. AMENDMENT IN LAW

Any subsequent amendment / modification in the Act, the SEBI (LODR) Regulations, 2015 and /or other laws in this regard shall automatically apply to this Policy. The same shall be added / amended / modified from time to time by the Committee with due procedure.

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(The original Policy was approved by the Board of Directors in its Meeting held on 11th August, 2015, which was revised on 18th May, 2023 and 14th February, 2025.)