



GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

Fertilizernagar – 391 750, Vadodara, Gujarat, India, CIN – L99999GJ1962PLC001121

NOMINATION & REMUNERATION

- CUM - BOARD DIVERSITY POLICY

I. PREAMBLE

Pursuant to Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Company shall constitute the Nomination and Remuneration Committee. In due compliance with the same, the Board of Directors of Gujarat State Fertilizers & Chemicals Limited at its meeting dated 13th May 2014, constituted the Nomination and Remuneration Committee which shall:

- i. 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 (KMP) and other employees;
- ii. Formulation of criteria for evaluation of Directors including Independent Directors and the Board;
- iii. Devising a policy on Board diversity;
- iv. Identify persons who are qualified to become Directors including Managing Director and /or Whole-time Directors and who may be appointed in Senior Management in accordance with the criteria laid down;
- v. Recommend to the Board, appointment and removal of Director, KMP and Senior Management.

The policy shall be suitably open to modification upon any future amendments in the law and/or listing agreement or any other statute or rule.

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, Key Managerial Personnel and Senior Management.

III. DEFINITIONS

"Board" means Board of Directors of the Company.

"Company" means "Gujarat State Fertilizers & Chemicals Limited."

"Independent Director" means a director referred to in Section 149 (6) of the Companies Act, 2013.

"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.

"Nomination and Remuneration Committee" shall mean a Committee of Board of Directors of the Company, constituted or reconstituted by the Board from time to time in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Agreement.

"Policy or This Policy" means, "Nomination and Remuneration 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 personnel of the Company who are members of its Internal Management Committee (IMC).



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IV. GUIDING PRINCIPLES

It is further clarified that in the case of GSFC the remuneration to the Managing Director, since he/she is an IAS officer, would be governed by the terms and conditions as 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. It is further clarified that the sitting fee in respect of other IAS directors is being deposited with the government treasury at the end of each financial year based on his/her actual attendance. No sitting fee or incidental expense is being paid to the Managing Director.

V. APPLICABILITY

The Policy is applicable to:

- Directors (Executive and Non Executive);
- Key Managerial Personnel;
- Senior Management Personnel (i.e. General Manager & above).

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 of the Company.

VI. COMPOSITION AND FUNCTIONING

The constitution, composition and functions of the Nomination and Remuneration committee shall be in line with the requirement of the Companies Act, 2013 and its Constitution shall be disclosed in the Annual Report. Tenure of the Committee shall be continuous unless terminated by the Board of Directors. 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 regular 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.

VII. 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.



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- 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, Listing Agreement or any other enactment for the time being in force.
- In case of the appointment of Independent Director, Independent Director should comply with the additional criteria of his / her independence as prescribed under the Act, rules framed there under and the Listing Agreement. 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, Listing Agreement or any other enactment for the time being in force.

VIII. 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)

Besides the above criteria, the Remuneration/ compensation/ commission etc to be paid to Managing Director, Whole-time Director(s) etc 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 profit related commission if so decided and approved by the Board/Shareholders as per the provisions of the Act.

Provided that the amount of such fees shall not exceed the amount as prescribed under the Act read with the rules made 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 Independent Directors may be paid remuneration for services rendered in any other capacity, like to serve as a member of Selection Committee for recruitment of Senior Management Personnel and/or any other specific assignment given by the Company



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from time to time. The remuneration paid for such services shall be subject to provisions of the Act and approval of the Nomination-cum-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.

IX. DIVERSITY OF THE BOARD COMPOSITION AND FUNCTIONING:

The present composition of the Board of Directors is such that it includes the expertise of Directors from diverse fields so as to steer the Company in the right direction with the support and guidance available in the different fields. The composition of Directors encompasses the expertise in the field of Finance, FOREX management, Agriculture, engineering, management, human relation, policy making etc.

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

The Directors contribute their respective expertise in meeting overall business objectives of the Company and it is only due to their contribution the company is able to sustain and grow despite rough economic weather.

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, shall be made if there are specific reasons to do so in an individual case.
