

HRB FLORICULTURE LIMITED

CIN: L01300RJ1995PLC009541

Regd. Office: A-28, Ram Nagar, Shastri Nagar, Jaipur, Rajasthan
Ph. +91-141-2303098, 2303097 (Telefax), E-mail: hrbflrltd@yahoo.com, Website: www.hrb.co.in

NOMINATION AND REMUNERATION POLICY

❖ PREAMBLE

Pursuant to Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board of Directors of every listed Company shall constitute the "**Nomination and Remuneration Committee**". The Company had already constituted Remuneration Committee comprising of three non-executive Independent Directors as required under Listing Agreement. But, in order to align with the provisions of the Companies Act, 2013 and the amended Listing Agreement from time to time, the Board on 12.08.2014 changed the nomenclature from "**Remuneration Committee**" to "**Nomination and Remuneration Committee**" and reconstituted the Committee with three non-executive Independent Directors as members of the Committee.

This Nomination and Remuneration Policy (NR Policy) has been formulated, inter alia, for nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management Personnel of HRB Floriculture Limited (hereinafter referred to as the Company), in accordance with the requirements of the provisions of Section 178 of the Companies Act, 2013 and Listing Agreement.

❖ OBJECTIVE

The key objectives of the Policy would be:

1. To identify persons who are qualified to become Directors, Key Managerial Personnel and Senior Management of the Company in accordance with the criteria laid down by Nomination and Remuneration Committee and recommend to the Board their appointment and removal.
2. To lay down criteria to evaluate the performance of the members of the Board.
3. To determine the composition and recommend to the Board on level of remuneration payable including reward linked with the performance, which is reasonable and sufficient to attract, retain and motivate Directors, Key Managerial Personnel and Senior Management to work towards the long term growth and success of the Company.
4. To formulate criteria for determining qualification, positive attributes and Independence of a Director.



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❖ DEFINITIONS

- a. **"Board"** means Board of Directors of the Company.
- b. **"Company"** means "HRB Floriculture Limited."
- c. **"Directors"** mean the Directors of the Company.
- d. **"Independent Director"** means a director referred to in Section 149 (6) of the Companies Act, 2013.
- e. **"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.
- f. **"Nomination and Remuneration Committee"** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Agreement.
- g. **"Policy or This Policy"** means, "Nomination and Remuneration Policy."
- h. **"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.
- i. **"Senior Management Personnel"** mean personnel of the Company who are members of its core management team excluding Board of Directors and KMPs. This would include all members of management one level below the executive directors, including all the functional heads.

❖ GUIDING PRINCIPLES:

The Policy ensures that:

- 1) 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;
- 2) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- 3) Remuneration to directors, key managerial personnel and senior management 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.



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❖ ROLE OF THE COMMITTEE:

The role of the Committee inter alia will be the following:

- 1) To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- 2) Formulate criteria for evaluation of Independent Directors and the Board.
- 3) Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- 4) To recommend to the Board the appointment and removal of Directors and Senior Management.
- 5) To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- 6) Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- 7) To devise a policy on Board diversity.
- 8) To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

❖ COMPOSITION:

- a. The Committee shall comprise at least three (3) Directors, all of whom shall be non executive Directors and at least half shall be Independent.
- b. Minimum two (2) members shall constitute a quorum for the Committee meeting.
- c. Membership of the Committee shall be disclosed in the Annual Report.
- d. The Chairman of the Committee shall be an Independent Director.
- e. The Chairperson of the Company may be appointed as a member of the Committee but shall not Chair the Committee.
- f. Chairman of the Nomination and Remuneration Committee could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.



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❖ APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

➤ APPOINTMENT CRITERIA AND QUALIFICATIONS:

- 1) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- 2) A person should possess adequate qualification, expertise and experience for 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 / satisfactory for the concerned position.
- 3) The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager who has attained the age of **seventy years**. Provided that the term of the person holding this position 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 for such motion indicating the justification for extension of appointment beyond seventy years.

➤ TERM / TENURE:

➤ Managing Director/Whole-time Director/Manager (Managerial Person):

The Company shall appoint or re-appoint any person as its Managerial Person 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.

➤ 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.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1 October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.



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❖ Provisions relating to Remuneration of Managerial Person and KMP AND Senior Management

1) General:

- a) The remuneration / compensation / commission etc. to Managerial Person & KMP 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, wherever required.
- b) The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.
- c) Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Person.

2) Fixed pay: Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force. The break-up 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 on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

3) Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person 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 prior approval of the Central Government.

❖ REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTOR:

The remuneration / commission (if any) shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force. The total remuneration of Non-executive Directors may include all or any combination of following elements:

- i. Fees for attending meeting of the Board of Directors as permissible under Section 197 of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 and decided at the Meeting of the Board of Directors.
- ii. Fees for attending meetings of Committees of the Board which remunerate Directors for additional work on Board Committee as permissible under Section 197 of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 and decided at the Meeting of the Board of Directors.



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- iii. Commission on net profits as permissible under Section 197 of the Companies Act, 2013 and decided by the Board from time to time to be payable to any of the Non-executive Director.
- iv. Non-Executive Directors are entitled to be paid all traveling and other expenses they incur for attending to the Company's affairs, including attending and returning from General Meetings of the Company or Meetings of the Board of Directors or Committee of Directors.

Any increase in the maximum aggregate remuneration payable beyond permissible limit under the Companies Act, 2013 shall be subject to the approval of the Shareholders' at the Annual General Meeting by special resolution and/or of the Central Government, as may be applicable.

❖ FREQUENCY OF COMMITTEE MEETINGS & MINUTES OF THE MEETING

The meeting of the Committee shall be held at such regular intervals as may be required. Proceedings of all meetings must be minuted and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting.

❖ AMENDMENT

Any change in the Policy shall, on recommendation of Nominations and Remuneration Committee, be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.


❖ COMMUNICATION OF THIS POLICY

For all Directors, a copy of this Policy shall be handed over within one month from the date of approval by the Board.

This Policy shall also be posted on the web-site of the Company and in the Annual Report of the Company.



Date: 12.08.2014
Place: JAIPUR


Krishan Kumar Parwal
DIN: 00228200
Managing Director