



GENPHARMASEC LIMITED

(Formerly Known as Generic Pharmasec Limited)

NOMINATION AND REMUNERATION POLICY



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I. INTRODUCTION

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement, as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

The Board of the Directors of the Company have reviewed, modified and adopted this to align the same with the applicable laws, rules and regulations.

II. OBJECTIVE AND APPLICABILITY

The key objectives of this policy are as follows:

- 1) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management;
- 2) To formulate 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 other employees;
- 3) Formulation of criteria for evaluation of Independent Director and the Board;
- 4) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board;
- 5) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management;
- 6) To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations;
- 7) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage;
- 8) To devise a policy on Board diversity;
- 9) To develop a succession plan for the Board and to regularly review the plan.

The key objectives of this policy are as follows:

- a) Directors (Executive, Non-Executive and Independent)
- b) Key Managerial Person
- c) Senior Management personnel



III. DEFINITIONS

- a) “**Board**” means the Board of Directors of the Company
- b) “**Committee**” means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board
- c) “**Independent Director**” means a director who satisfies the criteria for independence as prescribed under Section 149 of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’).
- d) “**Key Managerial Personnel**” in relation to a company, means—
- ❖ the Chief Executive Officer or the Managing Director or the Manager;
 - ❖ the Company Secretary;
 - ❖ the Whole-Time Director;
 - ❖ the Chief Financial Officer; and
 - ❖ such other officer as may be prescribed;
- e) “**Policy**”: means this Policy, as may be amended from time to time.
- f) “**Remuneration**”: means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under Income-Tax Act, 1961.
- g) “**Senior Management**” shall mean officers / personnel of the Company who are members of its core Management team excluding Board of Directors and normally shall comprise all members of Management one level below the Executive Directors, including all functional heads.

IV. COMPOSITION OF COMMITTEE

- ❖ The Committee shall consist of a minimum 3 Non-Executive Directors, of which at least fifty percent of the directors shall be independent directors
- ❖ A minimum of two (2) Members shall constitute a quorum for the Committee Meeting
- ❖ Term of the Committee shall be continued unless terminated by the Board of Directors.

V. ROLE/TERMS OF REFERENCE OF THE COMMITTEE

The role/terms of reference of the Committee include:

- a) Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to the remuneration of the Directors, KMP and other employees;
- b) Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;

c) Devising a policy on diversity of Board of Directors



d) Identifying persons who are qualified to become Directors 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.

e) 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.

f) Carrying out other functions as may from time to time be required under any statutory, contractual or other regulatory requirement

VI. POLICY FOR APPOINTMENT OF DIRECTORS, KMP AND SENIOR MANAGEMENT PERSONNEL

A. General appointment criteria

- i. The committee shall define the qualification/experience and expertise of the person for appointment as Director/KMP/Senior Management Personnel;
- ii. 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.
- iii. The Company should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel does not stand disqualified under the provisions of Section 164 of the Companies Act, 2013, rules made thereunder, Listing Regulations or any other enactment for the time being in force.
- iv. The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the applicable provisions of the Companies Act, 2013, rules made thereunder, Listing Regulations or any other enactment for the time being in force.

B. Other appointment criteria:

Enhancing the competency of the Board and attracting as well as retaining talented employees for role of KMP/ Senior Management Personnel shall be the basis for the Committee to select a candidate for his/her appointment. When recommending a candidate for appointment, the Committee shall be:

A. Assessing the appointee against a range of criteria which includes but not be limited to qualifications, skills, regional and industry experience, background and other qualities required to operate successfully in the position, with due regard for the benefits in diversifying the Board;

B. The extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing Directors/ KMP/ Senior Management Personnel and enhance the efficiency of the Company;

C. The qualification, skills and experience that the appointee brings to the designated role and how an appointee will enhance the skill sets and experience of the Board/Company as a whole;



D. The nature of existing positions held by the appointee including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment;

E. The appointment of Independent Directors shall be subject to compliance of provisions of Listing Regulations and Section 149 of the Companies Act, 2013, read with schedule IV and rules thereunder

C. Term / Tenure of appointment of Managing Director/Whole-Time Director/ Manager and Independent Director

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

- A. 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.
- B. The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager who is below the age of 21 years or 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

ii. 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 reappointment 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 of upto maximum of 5 years each, 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.
- ❖ 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 or such other number as may be prescribed under the Act.



D. Evaluation

The evaluation/assessment of the Directors of the Company is to be conducted on an annual basis as per the requirements of the Companies Act, 2013 and the Listing Regulations.

E. Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013 or under any other applicable Act, rules and regulations there under, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations. The removal shall also be based on principles of natural justice.

F. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the Company's rules and as per provisions of the Companies Act, 2013, wherever applicable.

VII. POLICY FOR REMUNERATION TO DIRECTORS, KMP, SENIOR MANAGEMENT/OTHER EMPLOYEES

A. Remuneration to Directors, KMP and Senior Management:

The guiding principle is that the level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate Directors, KMP and Senior Management.

The Directors, KMP and other Senior Management's salary shall be based & determined on the individual person's responsibilities, performance, experience, leadership abilities, initiative taking abilities and knowledge base and also in accordance with the limits as prescribed statutorily, if any.

The remuneration to Directors, KMP and other Senior Management will be determined by the Committee and recommended to the Board for approval. The remuneration shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

While recommending the remuneration, the Committee shall take into account the relevant factors such as market, business performance and practices in comparable companies, financial and commercial health of the Company as well as prevailing laws and government/other guidelines.

B. Remuneration to Non-executive / Independent Director:

The remuneration to Non-executive / Independent Director shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

The Non-Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof, provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee. The Non-Executive / Independent Director may receive Commission within the monetary limit approved by shareholders

C. Remuneration to other employees

The authority to determine remuneration and terms of appointment of other employees stands delegated to the Managing Director / Chief Executive Officer of the Company.

VIII. DUTIES IN RELATION TO NOMINATION MATTERS

The duties of the Committee in relation to nomination matters include:

- a) Ensuring that there is an appropriate induction in place for new Directors and Members of Senior Management and reviewing its effectiveness;
- b) Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- c) Identifying and recommending Directors who are to be put forward for retirement by rotation;
- d) Determining the appropriate size, diversity and composition of the Board; v. Developing a succession plan for the Board and Senior Management;
- e) Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- f) Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- g) Delegating any of its powers to one or more of its members or the Authorized Representative of the Committee
- h) Recommend any necessary changes to the Board; and
- i) Considering any other matters, as may be requested by the Board

IX. DUTIES IN RELATION TO REMUNERATION MATTERS

The duties of the Committee in relation to remuneration matters include:

- ❖ 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.
- ❖ The relationship of remuneration to performance is clear and meets appropriate performance benchmarks
- ❖ The remuneration to Directors, KMP and Senior Management of the Company 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.
- ❖ To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

X. COMMITTEE MEMBERS' INTERESTS

A Member of the Committee is not entitled to be present when his or her own remuneration is discussed at a Meeting or when his or her performance is being evaluated.

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



XI. VOTING

Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee. In the case of equality of votes, the Chairman of the Meeting will have a casting vote.

XII. DISCLOSURES

As per the Companies Act, 2013, this Policy shall be disclosed in the Board's Report of the Company.

XIII. REVIEW OF THIS POLICY

The Board of the Company may carry out the changes to this policy from time to time so as to bring them in line with the amendments as may happen under the listing regulations and/or Companies Act, 2013.

XIV. PLACEMENT OF THE CODE ON THE WEBSITE OF THE COMPANY

This policy as amended from time to time shall be posted on the website of the Company.
