



# **EAST INDIA PHARMACEUTICAL WORKS LIMITED**

## **NOMINATION AND REMUNERATION POLICY**

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

### **Definitions:**

Unless the context requires otherwise, the following terms shall have the following meanings: "Director" means a Director of the Company.

"Key Managerial Personnel" or "KMP" means –

- i. the Chief Executive Officer or the Managing Director;
- ii. the Whole-time Director;
- iii. the Chief Financial Officer;
- iv. the Company Secretary; and
- v. such other officer as may be prescribed under the applicable law.

"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.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013, as may be amended from time to time, shall have the same meaning assigned to them therein.

### **Objectives:**

The objective of the policy is to ensure that:

1. the composition and level of remuneration, including reward linked with the performance, is reasonable and sufficient to attract, retain and motivate Directors and KMP to work towards the long term growth and success of the Company;
2. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
3. remuneration to directors and key managerial personnel is fixed on the basis of short and long - term performance objectives of the company and its goals.

### **Role of the Committee:**

The role of the Nomination and Remuneration Committee shall be as follows:

1. To lay down criteria for identifying persons who are qualified to become Directors;
2. To formulate criteria for determining qualifications, positive attributes and independence of a Director.
3. To identify persons who are qualified to become Directors and who may be appointed as Key Managerial Personnel in accordance with the criteria laid down in this policy.
4. To formulate criteria for evaluation of Director's performance.
5. To recommend to the Board the appointment and removal of Directors and KMP.
6. To recommend to the Board policy relating to remuneration for Directors and KMP.
7. 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.
8. To perform such other functions as may be necessary or appropriate for the performance of its duties.

### **Criteria for identifying persons who are qualified to be appointed as a Director of the Company:**

Section 164 of the Companies Act, 2013 provides for eligibility criteria for appointment of any person to become Director of any company. Any person, who is not disqualified as per the relevant provisions of the Act, and in the opinion of the Board, possesses the ability, integrity and relevant expertise and experience can be appointed as Director of the Company, subsequent to taking requisite approval of the shareholders.

### **Evaluation**

The Committee shall specify the manner for effective evaluation of performance of:

- the Board,
- its committees, and
- individual Directors;

which shall be carried out either at a regular interval or at least once on a yearly basis by:

- the Board,
- by the Nomination and Remuneration Committee, or
- by an independent external agency;

and review its implementation and compliance on the basis of the following parameters:

Roles and Responsibilities	<ol style="list-style-type: none"> <li>1. Understanding the nature and role of the directors and the position of independence of the directors.</li> <li>2. Understanding of the business and the risks associated with the business</li> <li>3. Application of knowledge for rendering timely advice in helping the management to resolve business issues.</li> <li>4. Active engagement with the Management and attentiveness to progress of decisions taken.</li> </ol>
Objectivity	<ol style="list-style-type: none"> <li>1. Non Prejudiced appraisal of issues</li> <li>2. Professional advises given to management without tending to majority or popular views.</li> </ol>
Leadership and initiative	<ol style="list-style-type: none"> <li>1. Heading Sub Committees of the Board.</li> <li>2. Driving any initiative of the organization based on domain knowledge.</li> </ol>
Personal Attributes	<ol style="list-style-type: none"> <li>1. Carrying out the Fiduciary responsibilities as a Board Member</li> <li>2. Attendance and Active Participation.</li> <li>3. Pro-active, Strategic and Lateral Thinking.</li> </ol>

### **Remuneration to Managing Director and Whole-time Director**

The remuneration /compensation/commission etc. to Managing Director / Whole-time Director will be determined by the Committee and recommended to the Board for their approval subject to the approval of the shareholders of the Company, wherever required. Remuneration of the Managing Director/Whole-time Director shall be in accordance to Section 197 of the Act read with the provisions of Schedule V.

Increments to the existing remuneration/compensation structure payable to Managing Director / Whole-time Directors may be recommended by the Committee to the Board which should be within the slabs if any, approved by the shareholders as per statutory provisions through wage settlements or company rules/regulations or otherwise.

### **Remuneration to Other Directors and Key Managerial Personal**

The remuneration payable to the other directors including managing or whole-time director shall be inclusive of the remuneration payable for the services rendered by him in any other capacity except the following:

- a. the services rendered are of a professional nature; and
- b. in the opinion of the Nomination and Remuneration Committee, the director possesses the requisite qualification for the practice of the profession.

Commission to other Directors (including Independent Directors) shall be subject to the approval of the shareholders of the Company and Central Government, wherever required and shall be in accordance to Section 197 of the Act read with the provisions of Schedule V.

The remuneration of KMP will be determined by the Committee and recommended to the Board for their approval.

### **Sitting Fees**

Non-Executive Directors including Independent Directors may receive remuneration by way of fees for attending meetings of Board or its committee within limits prescribed under Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014.