

# **ORCHID CHEMICALS & PHARMACEUTICALS LTD**

## **NOMINATION AND REMUNERATION POLICY**

### **INTRODUCTION:**

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the section 178 of the Companies Act, 2013 and 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 and approved by the Board of Directors.

### **1. THE OBJECTIVE AND PURPOSE OF THIS POLICY:**

To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.

- To guide the Board in relation to appointment and removal of Directors, Key Managerial and Senior Management Personnel.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the Pharmaceutical industry.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

### **2. DEFINITIONS:**

- **Board** means Board of Directors of the Company.
- **Directors** means Directors of the Company.
- **Committee** means Nomination and Remuneration Committee of the Company constituted or reconstituted by the Board.

• **Key Managerial Personnel (KMP)** means-

- i. Managing Director (MD), or Chief Executive Officer (CEO) or a whole-time Director (WTD);
- ii. Chief Financial Officer ;
- iii. Company Secretary;
- iv. All other Officers of the Company directly reporting to MD, CEO or the WTD; and
- v. Such other officer of the Company as may be determined by the MD, CEO or the WTD and approved by the Board.

• **Senior Management** means personnel of the Company who are the members of its core management team excluding Board of Directors comprising all members of the management one level below the executive directors, including the functional heads.

### **3. CONSTITUTION OF COMMITTEE**

- i. The Committee shall consist of minimum of three (3) Non- Executive Directors out of which at least half shall be independent.
- ii. Minimum two members shall constitute a quorum for the meeting.
- iii. Constitution and membership of the Committee shall be disclosed in the Annual Report of the Company.

### **4. ROLE OF THE COMMITTEE**

- (i) Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- (ii) Recommend to the Board a policy relating to the remuneration of the Directors, Key Managerial and Senior Management Personnel or other employees.
- (iii) Formulation of criteria for evaluation of Independent Directors and Board.
- (iv) Devising a policy on Board diversity.
- (v) Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.
- (vi) Any other matter as the Board may decide from time to time.

### **5. DUTIES OF COMMITTEE:**

The duty of the committee covers the matters relating to nomination and remuneration of the Directors, Key Managerial and Senior Management Personnel of the Company.

**(A) Nomination matters includes:**

- (i) Ensuring that there is an appropriate induction & training programme in place for new Directors and members of Senior Management and reviewing its effectiveness;
- (ii) Ensuring that an appointment to the Board, the Non-Executive Directors receive a formal letter of appointment.
- (iii) Determining the appropriate size, diversity and composition of the Board as per the provisions of Companies Act, 2013.
- (iv) Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- (v) Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- (vi) Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- (vii) Considering any other matters as may be directed by the Board.

**(B) Remuneration matters includes:**

- (i) To consider and determine the Remuneration, based on the principles of (i) pay for responsibilities, (ii) pay for performance and potential and (iii) pay for growth and ensure that the remuneration fixed is reasonable and sufficient to attract, retain and motivate the members.
- (ii) To take into account financial position of the company, trend in the Industry, appointee's qualification, experience, past performance, past remuneration, etc.,
- (iii) To bring about objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders.
- (iv) To ensure that a balance is maintained between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company in the remuneration of Senior Management and Key Managerial Personnel.
- (v) Professional indemnity and liability insurance for Directors and Senior Management personnel

The Remuneration policy will be disclosed in the Annual Report of the Company.

**6. Amendment**

The Committee may review and recommend the policy to the Board as and when it deems necessary and also to align such amendments in accordance to the provisions of the Companies Act 2013 and the Listing Agreement.

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