

ALEMBIC LIMITED

NOMINATION AND REMUNERATION POLICY

Details of Adoption / Amendments to the Policy				
Policy Adoption / Change effective Date	Clause No.	Particulars of the Adoption / Change	Board Approval Date	Version of Policy
01/04/2014	-	Adoption of Policy	06/05/2014	Original
17/05/2018	Clause 4.3	Policy was amended to include payment of commission to Non-Executive / Independent Directors.	17/05/2018	V-2
30/01/2019	Various clauses	Pursuant to the amendments in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, from time to time.	30/01/2019	V-3

1. Objective:

The Nomination and Remuneration Committee has recommended this policy document in compliance with the requirements of Section 178 of the Companies Act, 2013 read with rules framed thereunder and Regulation 19 read with Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Key Objectives of this policy are:

- 1.1 To lay down criteria for appointment of Directors, Key Managerial Personnel and Senior Management.
- 1.2 To provide for criteria for Remuneration payable to the Directors, Key Managerial Personnel and Senior Management which 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.

The Board of Directors (the “Board”) of the Company has adopted the Policy at their meeting. The details of the original adoption and subsequent amendments, if any are mentioned in the table provided at the beginning of this Policy.

2. Definitions:

- 2.1 “Act” means the Companies Act, 2013 read with rules framed thereunder, as amended from time to time.
- 2.2 “Board of Director” or “Board” means the Board of Directors of the Company, as constituted from time to time.
- 2.3 “Directors” mean Directors of the Company.
- 2.4 “Key Managerial Personnel (KMP)” means
 - (a) Managing Director, Chief Executive Officer or Manager and in their absence, a Whole-time Director;
 - (b) Chief Financial Officer and
 - (c) Company Secretary.
- 2.5 “Managerial Personnel” means Directors, Managing Director, Whole Time Director or Manager of the Company whose remuneration is subject to limits provided as per provisions of Section 197 of the Act and Schedule V to the Act.

- 2.6 “Senior Management”** means personnel of the company who are members of its core management team other than Directors including all members of management one level below the Chief Executive Officer / Managing Director / Whole-time Director / Manager (including Chief Executive Officer / Manager, in case they are not part of the board) and shall specifically include Company Secretary and Chief Financial Officer.

The above definitions shall be read as provided in the amended provisions, if any, of the Act, Listing Regulations, 2015 or any other law or regulation and such change will not be considered as change in this Policy.

Any term(s) not defined in the Policy shall have the same meaning as assigned to such term(s) in the Act and / or the Listing Regulations, 2015 or any other applicable law or regulation.

3. Policy for appointment and removal of Director, KMP and Senior Management:

3.1 Appointment criteria and qualifications

- a) A person who is proposed to be appointed as Director of the Company should be eligible to be appointed as Director and must hold Director Identification Number issued by the Central Government and possess such qualification, expertise and experience as prescribed under the Act.
- b) Without prejudice to generality of the above, a person who is proposed to be appointed as an Independent Director shall also be subject to compliance of provisions of the Act and Listing Regulations, 2015.
- c) KMP or Senior Management personnel shall have adequate qualification, expertise and experience in the relevant field for which the appointment is proposed to be made.
- d) The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

3.2 Term / Tenure

- a) Managing Director/Whole-time Director/Manager (Managerial Personnel):

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

3.3 Evaluation

The Board and Committee shall carry out evaluation of performance of Board, its Committees and individual Directors by way of individual and collective feedback from Directors. The Committee shall further carry out evaluation of the performance of KMP and Senior Management Personnel at such interval as deemed fit.

3.4 Removal

The Committee may recommend the Board for removal of a Director, KMP or Senior Management Personnel for reasons recorded in writing. The Procedure for removal of any Director shall be as per the provisions of the Act in this regard.

3.5 Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Company will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/

remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

4. Remuneration Policy:

Policy relating to the Remuneration for the Managerial Personnel, KMP, Senior Management Personnel & other employees

4.1 General

- a) The remuneration / compensation / commission etc. to the Managerial Personnel will be determined by the Committee and recommended to the Board for approval which 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 the Managerial Personnel shall be in accordance with the percentage / slabs / conditions as per the provisions of the Act.
- c) Where any insurance is taken by the Company on behalf of its Managerial Personnel, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

4.2 Remuneration to Managerial Personnel, KMP, Senior Management Personnel and Other Employees:

a) Fixed pay

The Managerial Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the provisions of the Act. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees, other non-monetary benefits 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.

b) Variable Pay

The Managerial Personnel shall be eligible to a performance linked incentives as may be determined by the Board from time to time.

c) Commission

The Managerial Personnel may be paid commission if approved by the shareholders. The shareholders may authorise the Board to declare commission to be paid to any Managerial Personnel of the Board.

d) 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 Personnel in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions.

e) Provisions for excess remuneration

If any Managerial Personnel draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

- f)** The remuneration to Company Secretary, Senior Management Personnel and other employees shall be governed by the HR Policy of the Company and as recommended by the Committee.

4.3 Remuneration to Non- Executive / Independent Director:

a) Remuneration

The remuneration shall be in accordance with the provisions of the Act.

b) Sitting Fees

The Non- Executive / Independent Director may receive fees for attending meetings of the Company. Provided that the amount of such fees shall not exceed Rs. 1 Lac per meeting of the Board or Committee or such amount as may be prescribed under the Act. Additionally the Non-Executive Directors shall be reimbursed traveling and incidental expenses incurred for attending the meeting.

c) Commission

Commission may be paid in accordance with the provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in addition to sitting fees and reimbursement of expenses for participating in the Board/Committee Meetings of the Company.

d) Stock Options

An Independent Director shall not be entitled to any stock option of the Company.

5. Disclosures:

The Company shall disclose this Policy on its website and a web-link thereto shall be provided in the Annual Report of the Company.

6. Amendment:

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

CHARTER OF NOMINATION AND REMUNERATION COMMITTEE

1. Objective:

The Nomination and Remuneration Committee is constituted in compliance with the requirements of Section 178 of the Act, Regulation 19 read with Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Key Objectives of the Committee are:

1.1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.

1.2. To evaluate the performance of the members of the Board.

1.3. To recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

1.4. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

2. Role of Committee:

2.1. Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee

2.1.1. Formulate 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, Key Managerial Personnel and other employees.

2.1.2. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy, and recommend to the board of directors their appointment and removal.

2.1.3. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

2.1.4. Formulate criteria for evaluation of performance of independent directors and the board of directors.

2.1.5. Devise a policy on Diversity of Board of Directors.

2.1.6. Recommend to the Board, all remuneration, in whatever form, payable to Senior Management Personnel.

2.1.7. Develop a succession plan for the Board and to regularly review the plan.

2.1.8. Recommend to the Board, 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.

3. Membership:

3.1 The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.

3.2 Minimum two (2) members shall constitute a quorum for the Committee meeting.

3.3 Membership of the Committee shall be disclosed in the Annual Report.

3.4 Term of the Committee shall be continued unless terminated by the Board of Directors.

3.5 The Board shall have powers to alter the composition of the committee from time to time.

4. Chairperson:

4.1 Chairperson of the Committee shall be an Independent Director.

4.2 Chairperson of the Company may be appointed as a member of the Committee but shall not be the Chairperson of the Committee.

4.3 In the absence of the Chairperson, the members of the Committee present at the meeting shall choose any one Independent Director amongst them to act as Chairperson.

4.4 Chairperson of the Nomination and Remuneration Committee meeting or in his absence, any other member of the Committee, authorized by him in this behalf, shall attend the General Meetings of the Company.

5. Frequency of meetings:

The meeting of the Committee shall be held at such regular intervals as may be required.

6. Committee Members' Interests:

6.1 A member of the Committee shall not remain present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

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

7. Secretary:

The Company Secretary of the Company shall act as Secretary of the Committee.

8. Voting:

8.1 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.

8.2 In the case of equality of votes, the Chairperson of the meeting will have a casting vote.

9. Nomination Duties:

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

9.1 Determining the appropriate size, diversity and composition of the Board;

9.2 Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;

9.3 Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;

9.4 Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;

9.5 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;

9.6 Delegating any of its powers to one or more of its members or the Secretary of the Committee;

9.7 Recommend necessary changes to the Board; and

9.8 To consider any other matter, as may be requested by the Board.

10. Remuneration Duties:

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

10.1 To consider and determine the Remuneration Policy, bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee may deem appropriate.

10.2 To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

10.3 To approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.

10.4 To delegate any of its powers to one or more of its members or the Secretary of the Committee.

10.5 To consider any other matters as may be requested by the Board.



11. Minutes of Committee Meeting:

Proceedings of all meetings must be minuted and signed by the Chairperson of the Committee. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.
