



GLAND PHARMA LIMITED

NOMINATION AND REMUNERATION POLICY

Preamble

Nomination and Remuneration Policy herein is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 read with Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“Listing Regulations”).

1. Objective

The key objectives of the Policy are as follows:

- a. To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive / Non-Executive) and recommend to the Board of Directors of the Company (the “**Board**”), policies relating to the remuneration (payable in whatever form) of the Directors, Key Managerial Personnel and other employees.
- b. To formulate criteria for evaluation of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- c. 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.
- d. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- e. To devise a Policy on Board Diversity.
- f. To develop a succession plan for the Board and to regularly review the plan.
- g. To determine whether to extend or continue the term of appointment of the Independent Director(s), on the basis of the report of performance evaluation of Independent Directors.

2. Definitions

- a. “**Act**” means the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time.
- b. “**Board**” means the Board of Directors of the Company.
- c. “**Directors**” shall mean Directors of the Company.
- d. “**Key Managerial Personnel**” or “**KMP**” means in relation to a Company as defined under Section 2(51) of the Companies Act, 2013.
- e. “**Senior Management**” shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise 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.

- f. **“Independent Director”** means a director referred to in Section 149(6) of the Act.

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

3. **Appointment and removal of Directors, KMPs and Senior Management**

a. **Appointment criteria and qualifications:**

- i. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or Senior Management and recommend to the Board his / her appointment.
- ii. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has the discretion to decide whether qualifications, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- iii. The Company shall not recommend or appoint or continue the employment of any person as the Managing Director, Whole-time director or Manager within the meaning of the Act, who has attained the age of 70 years. Provided that the appointment of such a person who has attained the age of 70 years shall be made with the approval of the Shareholders by passing a special resolution, based on the explanatory statement annexed to the notice for the Meeting of the shareholders for such motion indicating the justification for appointment or extension of appointment beyond the age of 70 years.
- iv. Directors and Key Managerial Personnel shall be appointed in accordance with the provisions of the Companies Act, 2013, Listing Regulations and other applicable law.

b. **Term /Tenure:**

i. **Executive Director**

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding 5 (five) years at a time. No re- appointment shall be made earlier than 1 (one) year before the expiry of the term.

ii. **Independent Director**

An Independent Director shall hold office for a term up to 5 (five) consecutive years on the Board 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 3 (three) years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of 3 (three) years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment or re-appointment of Independent Director, compliance with requirements laid under the Act and Listing Regulations inter-alia for meeting independence criteria, directorship in listed entities and performance evaluation, shall be ensured.

c. Evaluation:

The Committee shall carry out an annual performance evaluation of the Board/ Committee, Chairman and Individual Directors, by itself or through the Board or an independent external agency, and review implementation thereof.

d. Removal:

Due to any disqualification mentioned in the Act or under any other applicable law, rules and regulations, thereunder, the Committee may recommend, to the Board with reasons to be recorded in writing, removal of a Director, KMP or Senior Management, subject to the provisions and compliance of the said Act, such other applicable law, rules and regulations.

e. Retirement:

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company subject to compliance with the applicable provisions of law.

f. Policy relating to the Remuneration for Whole- time Director, KMP and Senior Management:

- i. The remuneration / compensation / commission, etc. to the Whole-time Director, KMP and Senior Management 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.
- ii. The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / limits / conditions laid down as per the provisions of the Act.



- iii. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Whole – time Director or as laid down as per the provisions of the Act.

g. Policy relating to Remuneration for Executive Director, KMP and Senior Management Personnel:

g.1 General:

- a) The remuneration/ compensation/ commission, etc. to the Executive Director 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.
- b) The remuneration and commission to be paid to the Executive Director shall be in accordance with the percentage/ limits/ conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.
- c) Increments to the existing remuneration/ compensation structure in the case of Executive Director may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders and in accordance with the provisions of Schedule V of the Companies Act, 2013.
- d) Where any insurance is taken by the Company or its Holding Company on behalf of the Company's Executive Director, 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.
- e) Remuneration of other KMP or Senior Management Personnel shall be as per the policy of the Company as duly approved by the Committee.
- f) Reimbursement of Expenses: The Directors would be entitled to reimbursement of expenses incurred for attending the Board/ Committee meetings and other meetings.

g.2 Remuneration to Executive Director, KMP and Senior Management Personnel

a) Fixed pay:

The Executive Director, KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup 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/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders. The monthly remuneration of Senior Management Personnel shall be as per the policy of the Company duly approved by the Committee.

b) Commission:

Commission may be paid to the Executive Director, as may be applicable, within the monetary limit approved by shareholders, subject to the limits prescribed under the applicable provisions of the Act.

c) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive Director in accordance with the provisions Schedule V of the Act..

d) Provisions for excess remuneration:

If any Executive Director 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 approval required under the Act,, he/ she shall refund such sums to the Company as prescribed under the Act 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 approved by the shareholder as prescribed under the Act.

3. Remuneration to Non- Executive / Independent Director:

a) Remuneration /Commission:

The remuneration/ commission shall be fixed as per the limits and conditions mentioned in the Articles of Association of the Company, the Act and the Listing Regulations. In case the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors, it shall be subject to the approval of shareholders by special resolution every year.

b) Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of the Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Act, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.



c) Limit of Remuneration/ Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Act and as per the criteria approved by the Board from time to time. The Board of Directors will fix the Commission payable to Directors on the basis of number of Board/Committee meetings attended during the year, Chairmanships of Committees and based on contribution and participation of Directors of the Company and their involvement in Company's strategic matters.

d) Stock Options:

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

4. Membership:

The Committee shall consist of a minimum of 3 non-executive directors, out of which not less than one-half shall be independent directors. Minimum two (2) members or one-third of the members whichever is greater including atleast one Independent Director shall constitute a quorum for the Committee meeting. Membership of the Committee shall be disclosed in the Annual Report. Term of the Committee shall be continued unless terminated by the Board of Directors.

5. Chairperson

Chairperson of the Committee shall be an Independent Director. Chairperson of the Company, whether executive or non-executive may be appointed as a member of the Committee but shall not be a Chairman of the Committee. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson. Chairman of the Nomination and Remuneration Committee meeting could be present at the annual general meeting or may nominate some other member to answer the shareholders' queries.

6. Frequency of Meetings:

The Nomination and Remuneration Committee shall meet at least once a year.

7. 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.



8. Secretary:

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

9. Duties of the Nomination & Remuneration Committee**Duties with respect to Nomination:**

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

- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Independent Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- Identifying and recommending Directors who are to be put forward for retirement by rotation.
- Determining the appropriate size, diversity and composition of the Board;
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- 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.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;;
- Recommend any necessary changes to the Board; and
- Considering any other matters, as may be requested by the Board.

Duties with respect to Remuneration:

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

- a) to consider and determine the remuneration policy, based on the performance and also 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 shall deem appropriate all elements of the remuneration of the members of the Board.
- b) to recommend and approve the remuneration of the Senior Management including key



managerial personnel of the Company maintaining a balance between fixed and variable pay reflecting short and long term performance objectives appropriate to the working of the Company.

- c) to delegate any of its powers to one or more of its members or the Secretary of the Committee.
- d) to consider any other matters as may be requested by the Board.

10. Board Diversity

The Board shall have an optimum composition of directors related to gender, age, expertise from different fields i.e Finance, Law, Management, Sales, Marketing or any other areas related to the Company's business. The balance of Skills and experience along with diversity of thought, knowledge and perspective and gender will help the Company in attainment of its objectives.

11. Minutes of Committee Meeting

Proceedings of all meetings must be minuted and signed as per the provisions of the Act and the rules thereunder.

12. Deviations from this Policy

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

13. Amendment:

The Policy shall be reviewed as and when required to ensure that it meets the objectives of the relevant legislation and remains effective. The Committee has the right to change/amend the policy as may be expedient taking into account the law for the time being in force. In case of any subsequent changes in the provisions of the Companies Act, 2013 or Listing Regulations or other applicable regulations which makes any of the provisions in the policy inconsistent with the Act or Listing Regulations or other applicable regulations, then the provisions of the Act or such regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

for GLAND PHARMA LIMITED

SRINIVAS SADU
MANAGING DIRECTOR & CEO