

Nomination and Remuneration Policy
Of
Shiva Pharmachem limited

The Nomination and Remuneration Policy has been formulated by Nomination and Remuneration Committee and approved by the Board of Directors in compliance with Section 178 of the Companies Act 2013 read along with the applicable rules thereto, as amended from time to time.

DEFINITIONS:

1. "Act" means the Companies Act 2013 and Rules framed thereunder, as amended from time to time.
2. "Independent Director" means a independent director as referred to in Section 149 (5) of the Companies Act 2013.
3. "Managerial Personnel" means Managerial Personnel or persons as applicable under Section 196 and other applicable provisions of the Act.
4. "Key Managerial Personnel" means:
 - Chief Executive Officer or the managing director or the manager
 - Chief Financial Officer
 - Whole Time Director
 - Company Secretary
 - Such other officer, not more than one level below the directors who is in whole- time employment, designated as key managerial personnel by the Board
 - Such other officer as may be prescribed.
5. "Senior Management" mean personnel of the Company who are the members of its core management team excluding Board of Director comprising all members of Management one level below the Executive Directors, including the functional heads.
6. "Remuneration" means any money or its equivalent given or passed to any person for services rendered by him/her and includes perquisites as defined under the Income-tax Act, 1961.

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013.

APPLICABILITY:

This Policy is applicable to:

1. Directors viz. Executive, Non-executive and Independent
2. Key Managerial Personnel
3. Senior Management Personnel
4. Other Employees of the Company

OBJECTIVES OF THE POLICY:

The Objective of this policy is to ensure that:

- 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.
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- remuneration to directors, key managerial personnel and senior management 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.

ROLE OF COMMITTEE:

The role of the Committee inter alia will be the following:

- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down in this policy.
- To recommend to the Board the appointment and removal of Directors and Senior Management.
- To specify the manner for effective evaluation of performance of Board, its committees, individual directors to be carried out either by the Board, by the nomination and remuneration committee or by an independent external agency and to review its implementation and compliance.
- To formulate the criteria for determining qualifications, positive attributes and independence of a director.
- To recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

- To ensure that 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 and relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- 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.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL, DIRECTOR, KMP AND SENIOR MANAGEMENT.

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Managerial Personnel, Director or KMP or Senior Management and recommend to the Board his /her appointment.
- A person should possess adequate qualification, expertise and experience for the position he /she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient /satisfactory for the concerned position.
- Appointment of Independent Directors is subject to compliance of provisions of Section 149 of the Companies Act, 2013, read with schedule IV and rules thereunder.
- The Company shall not appoint or continue the employment of any person as Whole time Director 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.

TERM/ TENURE:

➤ 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.

➤ Independent Director

The maximum tenure of Independent Directors shall be in accordance with the Companies Act 2013, and clarifications/ circulars issued by the Ministry of Corporate Affairs, in this regard, from time to time.

Evaluation

The Committee shall carry out evaluation of performance of Director, KMP, Senior Management Personnel yearly or at such intervals as may be considered necessary.

Removal

In case of any reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, 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.

Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Regulations and the prevailing policy of the Company. The Board 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.

Policy for remuneration to Directors/ KMP/ Senior Management Personnel.

1) Remuneration to Managerial Personnel, Key Managerial Personnel and Senior Management.

a) Remuneration

Managerial Personnel, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Act and rule made thereunder for the time being in force. The break up of the pay scale, performance bonus and quantum of perquisites including, employer's contribution to P.F, medical expenses, etc. shall be decided and approved by the Board on the recommendation of the Committee and shall be within the overall remuneration approved by the shareholders and Central Government, wherever required.

The remuneration and commission to be paid to Managerial Personnel shall be as per the statutory provisions of the Act, and the rules made thereunder for the time being in force.

b) 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 Companies Act, 2013 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.

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 Managerial Personnel in accordance with the provisions of the Companies Act, 2013 and if it is not able to comply with such provisions, then with the previous approval of the Central Government.

2) Remuneration to Non- Executive Directors/ Independent Directors:

a) Remuneration/ Commission

The remuneration/ Commission paid to Non- Executive Directors/ Independent Directors shall be in accordance to applicable provisions of the Companies Act 2013, and rules made thereunder for the time being in force.

b) Sitting Fees:

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 or such amount as may be prescribed by the Central Government from time to time.

c) Stock Option:

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

d) Commission/ Remuneration Limit.

Remuneration/ Commission to Non- Executive 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 Companies Act 2013.

3) Remuneration to other employees of Company

The remuneration to other employees of the Company shall be based on the experience, qualification and expertise of the related personnel and shall consist of fixed pay and other incentives as per the Company remuneration Policy. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, medical expenses, etc. shall be as per the Company's Policy.

Membership

- The Committee shall comprise of atleast three non executive directors out of which not less than one half shall be independent directors.
- The chairperson of the Company (whether executive or non- executive) may be appointed as member of the Committee but shall not chair such committee.

- Minimum 2 members shall constitute quorum for the Committee meeting.
- In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.

Invitees to Meeting

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

Frequency of Meetings

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

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.

Minutes of Committee Meeting

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

Reconstitution of Committee and Amendment to the Policy

- In case if any of the provisions in this policy becomes inconsistent with the Companies Act 2013, or regulation thereof, due to subsequent changes in the provision of the Companies Act 2013 or any other regulations, than in such circumstances the provisions of the Act or regulations would prevail over the policy and the Committee shall make the necessary modifications in the policy in due course to make it consistent with Law. Any such modification or change in policy as recommended by the Committee would be given to the Board of Directors for their approval.
- The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act 2013, and applicable statutory requirement.

Dissemination

The requisite details of the Policy to be disclosed in the Annual Report as part of Board's report therein as per the applicable Regulations