

SHIVA PHARMACHEM LIMITED
Nomination and Remuneration Policy

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Pursuant to the provisions of Section 178(3) of the Companies Act, 2013 ("Act"), and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time, the Nomination and Remuneration Committee of the Board ("NRC") has formulated a policy relating to the remuneration.

This Policy provides a framework for remuneration to be paid to the members of the Board of Directors (hereinafter referred to as "Board"), Key Managerial Personnel ("KMP") and the Senior Management Personnel ("SMP") of the Company (hereinafter referred to as "Executives"). The expression KMP shall have the same meaning as defined under the Companies Act, 2013. "Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors and comprising 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.

1. DEFINITIONS:

1. "Act" means the Companies Act 2013 and Rules framed thereunder, as amended from time to time.
2. "Independent Director" means an 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.

2. APPLICABILITY:

This Policy is applicable to:

1. Directors viz. Executive, Non-executive and Independent
2. Key Managerial Personnel
3. Senior Management Personnel

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3. 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.

4. ROLE OF COMMITTEE:

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

- (a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:

- (i) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
- (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (iii) 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.

For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

- (i) use the services of an external agencies, if required;
 - (ii) consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - (iii) consider the time commitments of the candidates.
- (b) Formulation of criteria for evaluation of performance of independent directors and the Board;
 - (c) Devising a policy on Board diversity;
 - (d) Identifying persons who are qualified to become directors of the Company and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal;

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- (e) Analysing, monitoring and reviewing various human resource and compensation matters;
- (f) Determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
- (g) Recommending the remuneration, in whatever form, payable to the senior management personnel and other staff (as deemed necessary);
- (h) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
- (i) Determining 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;
- (j) Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- (k) Administering, monitoring and formulating the employee stock option scheme/plan approved by the Board and shareholders of the Company in accordance with the applicable laws:
 - (i) Determining the eligibility of employees to participate under the ESOP Scheme;
 - (ii) Determining the quantum of option to be granted under the ESOP Scheme per employee and in aggregate;
 - (iii) Date of grant;
 - (iv) Determining the exercise price of the option under the ESOP Scheme;
 - (v) The conditions under which option may vest in employee and may lapse in case of termination of employment for misconduct;
 - (vi) The exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
 - (vii) The specified time period within which the employee shall exercise the vested option in the event of termination or resignation of an employee;
 - (viii) The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
 - (ix) Re-pricing of the options which are not exercised, whether or not they have been vested if stock option rendered unattractive due to fall in the market price of the equity shares;
 - (x) The grant, vest and exercise of option in case of employees who are on long leave;
 - (xi) Allow exercise of unvested options on such terms and conditions as it may deem fit;
 - (xii) The procedure for cashless exercise of options;
 - (xiii) Forfeiture/ cancellation of options granted;
 - (xiv) Formulate the procedure for buy-back of specified securities issued under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, if to be undertaken at any time by the Company, and the applicable terms and conditions, including:

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- permissible sources of financing for buy-back;
 - any minimum financial thresholds to be maintained by the Company as per its last financial statements; and
 - limits upon quantum of specified securities that the Company may buy-back in a financial year.
- (xv) Formulating and implementing the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration:
- the number and the price of stock option shall be adjusted in a manner such that total value of the option to the employee remains the same after the corporate action;
 - for this purpose, global best practices in this area including the procedures followed by the derivative markets in India and abroad may be considered; and
 - the vesting period and the life of the option shall be left unaltered as far as possible to protect the rights of the employee who is granted such option.
- (l) Construing and interpreting the ESOP Scheme and any agreements defining the rights and obligations of the Company and eligible employees under the ESOP Scheme, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the ESOP Scheme;
- (m) Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:
- (a) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;
 - (b) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, as amended; and
 - (c) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by the Company and its employees, as applicable.
- (n) Performing such other activities as may be delegated by the Board and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee;
- (o) Such terms of reference as may be prescribed under the Companies Act, SEBI Listing Regulations and other applicable laws or by any regulatory authority and performing such other functions as may be necessary or appropriate for the performance of its duties.”

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

- 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.

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- 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.

6. 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.

7. 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.

8. 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.

9. RETIREMENT

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

10. 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. 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 or without approval required under the Companies Act, 2013, he / she shall refund such sums to the Company and until such sum

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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 company by special resolution within two years from the date the sum becomes refundable.

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 rules made thereunder.

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 prescribed under 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 at least three non-executive directors out of which at least two-third of the directors shall be independent directors and the Chairperson of the nomination and remuneration committee shall be an independent director.
- The chairperson of the Company (whether executive or non- executive) may be appointed as member of the Committee but shall not chair such committee.
- Either two members or one third of the members of the committee, whichever is greater with the presence of at least one independent director shall form the quorum for the meeting of the Committee.
- In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.

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11. INVITEES TO MEETING

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

12. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at least once in a year.

13. 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.

14. 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.

15. 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.

16. 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.

Effective Date: 03/04/2023

Amended Date: 09/06/2023