

Nomination and Remuneration Policy:

NOMINATION AND REMUNERATION POLICY

1. PREFACE

With reference to Company's efforts to consider human resources as its valuable assets, to pay equitable remuneration to Executive Directors, Key Managerial Personnel ("KMPs") and Employees of the Company, to harmonise aspirations of the human resources consistent with goals of the Company and pursuant to Companies Act 2013, the 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.

Section 178 of the Companies Act 2013, requires the Board of Directors of every listed public company and such other class and classes of companies, to constitute a Nomination and Remuneration Committee. The Section also requires the listed entity to upload the said policy on its website and its board report.

2. NOMINATION AND REMUNERATION COMMITTEE

Pursuant to Section 178 of the Companies Act 2013, the Board of Directors shall constitute a Nomination and Remuneration Committee comprising three or more non-executive directors out of which not less than one-half are Independent Directors. The Chairman of the Committee shall be a non-executive director.

3. POLICY OBJECTIVES:

The objective of this policy is to lay down a framework in relation to remuneration of directors, KMPs, senior management personnel and other employees. The key objectives of the Committee would be:

- (a) Guidance to the Board in relation to appointment or removal of Directors, Key Managerial Personnel and Senior Management.
- (b) Formulation of criteria for determining qualifications, experience, positive attributes and independence of Directors.
- (c) For every appointment of an independent director, balance of skills, knowledge and experience on the board shall be evaluated and on the basis of such evaluation a description of role and capabilities required of an independent director is to be prepared. For the purpose of identifying such suitable candidates, the Committee may:
 - Use the services of external agencies, if required;
 - Consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - Consider the time commitments of the candidates.
- (d) Formulation of Policy regarding remuneration of Directors, KMPs, Senior Management Personnel.
- (e) Formulation of criteria for evaluation of Independent Director and evaluation of performance of the Board.
- (f) Recommendation to the Board regarding remuneration payable to the Executive Directors, KMPs, and Senior Management.

4. SCOPE OF THE POLICY:

The Policy is applicable regarding appointment and remuneration in case of:

- a) Executive Directors
- b) Key Managerial Personnel (KMPs)*
- c) Senior Management Personnel

* "Key Managerial Personnel" means:

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- the Chief Executive Officer or the managing director or the manager;
- the Company Secretary;
- the Whole-Time Director;
- the Chief Financial Officer;
- 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; and such other officer as may be prescribed.

5. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR/s, KMPs, AND SENIOR MANAGEMENT:

Appointment criteria and qualifications:

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person proposed to be appointed as Director, KMP or Senior Managerial Personnel and recommend to the Board his/her appointment.

A person should possess adequate qualification, expertise and experience for the position for which appointment is considered. The Committee has discretion to decide whether qualification, expertise and experience possessed by the person is sufficient as per the requirement of the concerned position.

The company shall appoint directors, KMPs & Senior Management adhering to provision contained in the Companies Act, 2013. The said act does not provide for the minimum & maximum age of Directorship in general but in particular, there is a specific mention as to the age limit of MD, WTD & Manager under Section 196 of the Act. Section 196(3)(a) provides that, the age of MD/WTD/Manager should not be below 21 years & should not be 70 years or more. Further, it is also provided that, appointment of a person who has attained the age of 70 years shall be made by passing a Special Resolution (SR). Furthermore, where no such SR is passed but votes cast in favor of the motion exceed the votes, if any, cast against the motion and the Central Government is satisfied, on an application made by the Board, that such appointment is most beneficial to the company, the appointment of the person who has attained the age of 70 years may be made.

6. TERM/ TENURE OF APPOINTMENT:

a) Managing Director / Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director 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. The Company shall not appoint or continue employment of any person as Whole-time Director who has attained the age of seventy years provided that the term of person holding this position may be extended beyond the age of seventy years with the approval of the shareholders by passing a special resolution based on the justification stating reasons/ clarification for extension of appointment beyond seventy years.

b) Independent Director:

- An Independent Director shall hold office for a term up to maximum of 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 of up to maximum of 5 years each, 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.

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- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a

Whole-time Director/ Managing Director of a listed company or such other number as may be prescribed under the Act.

c) Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

d) Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, 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.

e) 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 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.

7. REMUNERATION TO DIRECTORS / KMP / SENIOR MANAGEMENT PERSONNEL

Remuneration to Managing/Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

The Remuneration/ Compensation/ Commission etc. to be paid to Director / Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

Remuneration to Non- Executive / Independent Director:

The Non-Executive Independent Director may receive remuneration / compensation / commission as per the provisions of Companies Act, 2013. The amount of sitting fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

8. DUTIES IN RELATION TO NOMINATION MATTERS

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, Non-Executive 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;
- 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;

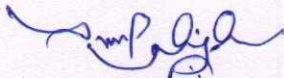
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- Making recommendations to the Board concerning any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the 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.
- The duties of the Committee in relation to remuneration matters include:
 - Considering and determining the Remuneration Policy, based on the performance 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.
 - Approving 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.
 - Delegating any of its powers to one or more of its members or the Secretary of the Committee.
 - Considering any other matters as may be requested by the Board.

Review and Amendments:

- i. The NRC or the Board may review the Policy as and when it deems necessary.
- ii. The NRC may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
- iii. This Policy may be amended or substituted by the NRC or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.

FOR Goldline Pharmaceutical Limited



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