

# PHAARMASIA LIMITED

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## **NOMINATION AND REMUNERATION POLICY**

### **Introduction**

The Company believes that human resources as an asset are invaluable and play an integral part in the growth and success of the Company. The policy is provided herewith pursuant to the provisions of Section 178(4) of the Companies Act, 2013

The Company also acknowledges that a Board with diversified expertise and experience, adequate mix of Executive and Independent Directors, provides the desired vision, governance structure and mission to the Company in order to enable it to achieve its goals.

The policy on the appointment of Directors including Independent Directors, Key Managerial Personnel (KMP) and senior management and the policy on remuneration of the Directors, KMP and other employees provides a referendum based on which the Human Resource Management Team plans and strategies their recruitment plans for the strategic growth of the Company.

### **OBJECTIVE AND PURPOSE OF THE POLICY**

In line with the requirements of the Companies Act, 2013, the objectives and purpose of the policy is as under:

- To formulate the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a director and to recommend their appointment/removal;
- To lay out the remuneration principles for the directors, KMP and other employees;
- To formulate the criteria for evaluation of the Board and all the directors;
- To devise a policy on Board Diversity;
- To lay down the criteria for identifying people who can be appointed in senior management and recommend their appointment.

### **TERMS AND REFERENCES:**

In this Policy, the following terms shall have the following meanings:

“The Board” means the Board of Directors of the Company

“Director” means a director of a company

“Committee” means the Nomination and Remuneration Committee as constituted or reconstituted by the Board, in accordance with the provisions of Section 178 of the Companies Act, 2013

“Independent Director” means a director referred to in sub- section (6) of Section 149 of the Companies Act, 2013

“Key Managerial Personnel” (KMP) means

- The Chief Executive Officer or the Managing Director or the manager;
- The Whole-Time Director;
- The Chief Financial Officer; and
- The Company Secretary; and such other officer as may be prescribed under the Companies Act, 2013 from time to time.

Senior Management means personnel of the Company who are members of its core management team excluding the Board and all members of the management one level below the Executive Directors.

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

#### **POLICY FOR THE APPOINTMENT AND REMOVAL OF DIRECTORS, KMP AND SENIOR MANAGEMENT:**

The criteria for the appointment of Directors, KMP and Senior Management are as follows:

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/her appointment
- The candidate shall possess adequate qualification, expertise and experience for the position he/she is considered for appointment
- The appointment of any Whole-Time Director/KMP/Senior Management shall also be governed by the prevailing employment policies of the Company
- A Whole-Time KMP of the Company shall not hold office in more than one Company except in its subsidiary company at the same time. However, a Whole-Time KMP can be

appointed as a Director in any company subject to the same being intimated to the Board or being in accordance with the policy of the Company

- In case of an Independent Director, the proposed appointee should possess the desired attributes and should not suffer from any disqualifications as prescribed under Section 149(6).

#### **TERM/TENURE:**

##### Managing Director:

The Company may appoint or re-appoint a person as its Executive Chairman, Managing 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

##### 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 for another term up to five consecutive years. No Independent Director shall hold office for more than two consecutive terms. The terms and conditions of appointment will be as prescribed from time to time under the Companies Act, 2013.

##### Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations thereunder or for such other compelling reasons, the Committee may recommend to the Board with reasons recorded in writing, removal of an Independent Director, KMP or Senior Management Personnel subject to the provisions and compliance to the Act, Rules and Regulations and applicable policies of the Company.

##### Retirement:

The Independent Directors shall not be liable to retire by rotation. The other Directors, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and prevailing policies of the Company. The Board will have the discretion to retain the Whole-time Directors, KMP or other Senior Management Personnel in the same position/remuneration or otherwise, for the benefit of the Company.

#### **POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND OTHER EMPLOYEES:**

- The remuneration should be reasonable and sufficient in order to justify the position and responsibility and to retain the Directors;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

- Remuneration to Whole-Time Directors, KMP and Senior Management Personnel and other employees involves a clear balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

**REMUNERATION TO WHOLE-TIME DIRECTORS, KMP, SENIOR MANAGEMENT AND OTHER EMPLOYEES:**

- Remuneration to the Directors will be determined by the Committee and recommended to the Board. The same shall be subject to the approval of the shareholders.
- Increments to the existing remuneration of the Directors shall be approved by the Committee within the overall limits as approved by the shareholders and placed before the Board.
- Increments to the existing remuneration of KMP and Senior Management will be approved by the committee and recommended to the Board.
- While determining the remuneration/ compensation/ benefits, etc. to the Whole-Time Directors, KMP and Senior Management Personnel and other employees, the Committee shall keep in mind the following criteria
  - o That the remuneration is aligned with market when compared to relevant peer companies
  - o Understandable and valuable to the talent the Company wishes to attract, motivate, engage and retain.

**REMUNERATION TO NON-EXECUTIVE/INDEPENDENT DIRECTORS: SITTING FEES:**

Non-Executive/Independent Directors shall be paid sitting fees for attending the meetings of the Board and the Committees of which they are members. The Board may at its discretion revise the sitting fees payable to the Non-Executive/Independent Directors from time to time provided that the amount of such fees shall not exceed the limits prescribed under the Companies Act, 2013 or rules made thereunder.

Sd/-

**CHAIRMAN**

Sd/-

**MEMBER**

Sd/-

**MEMBER**