



## NOMINATION & REMUNERATION POLICY

### 1. OBJECTIVE:

The objectives of the Company's Nomination and Remuneration policy are:-

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Key Managerial and Senior Management positions and to determine their remuneration.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the industry.
- To carry out evaluation of the performance of Directors and review evaluation made by the management of the Company of performance of Key Managerial and Senior Management Personnel.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage. In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee ("NRC") and adopted by the Board of Directors at its meeting held on 10<sup>th</sup> December 2014.

The NRC and this Policy are in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto.

### 2. DEFINITION:

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

### 3. APPLICABILITY:

The Nomination & Remuneration Policy is applicable to:

- Directors (Executive and Non-Executive)
- Key Managerial Personnel (Managing Director, Whole-time Director, Executive Director, CFO & Company Secretary)



- Senior Management Personnel who are members of core management team comprising of all members of management one level below the executive directors, including functional heads.

#### **4. GUIDING PRINCIPLES**

- The Committee while designing the remuneration package considers the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully.
- The NRC while considering a remuneration package must ensure a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- The Committee considers that a successful remuneration policy must ensure that a significant part of the remuneration package is linked to the achievement of corporate performance targets and a strong alignment of interest with stakeholders.
- The remuneration policy reflects a balance between the interests of the Company's main stakeholders as well as a balance between the Company's short-term and long-term performance objectives appropriate to the working of the Company and its goals. As a result, the structure of the remuneration package for the Directors, Key Managerial Personnel and Senior Management designed to balance short-term operational performance with the medium and long-term objective of creating sustainable value within the Company, while taking into account the interests of its stakeholders.
- To ensure that highly skilled and qualified senior executives can be attracted and retained, the Company aims for a total remuneration level that is comparable to levels provided by other companies that are similar to the Company in terms of size and complexity.
- In designing and setting the levels of remuneration for the Directors, Key Managerial Personnel and Senior Management, the NRC also takes into account the relevant statutory provisions and provisions of the corporate governance code, societal and market trends and the interests of stakeholders.

#### **5. GENERAL**

This Policy is divided in four parts: Part – A covers the nomination and appointment, Part – B covers remuneration and perquisites etc., Part – C covers the matters common to Part –A and Part-B.

The key features of this Company's policy shall be included in the Board's Report.

Organization structure of the Company as on date is as follows:



Level 1 : Board of Directors

Level 2 : Key Managerial Personnel consisting of Chief Financial Officer, Company Secretary

Level 3 : Senior management personnel consisting of :

- 1) Head – Acute Segment (Suprakare & Nutrakare)
- 2) Head – Chronic Segment (Vazokare, Osteokare, Glycekare)
- 3) Head – International Business (Regulated Market)
- 4) Head – International Business (ROW)
- 5) Head – Supply Chain (material procurement & logistics)
- 6) Head – F & D (Formulations & Development)
- 7) Head – CQA (Corporate Quality Assurance), Regulatory & ADL (Analytical Development)
- 8) Head – Internal Audit
- 9) Head – HR

## **PART - A : NOMINATION AND APPOINTMENT**

### **I) Identification of persons who may be appointed as directors:**

The Committee shall identify persons who may be appointed as directors of the Company and recommend their appointment to the Board of Directors in this regard. While recommending appointment of any such persons as directors the Board of Directors shall consider following aspects:

- a. Business of the Company,
- b. Strength, weakness, opportunity and threats to Company's business,
- c. Existing composition of the Board of Directors,
- d. Diversity, skills, expertise of existing directors,
- e. Background, skills, expertise, reputation and qualification possessed by persons being considered,
- f. Specific requirements under Companies Act, 2013 and any other laws as to composition of the Board.

### **II) Recommending appointment of Independent Directors**

The Committee shall regularly review composition of the Board of Directors and recommend appointment of persons who may be qualified to be Independent Directors. The Committee shall identify suitable candidates and examine and



review their qualifications and suitability to ensure that such candidates will be able to function as directors 'Independently' without conflict of interest. Apart from being 'Independent', such candidate should be eligible and worthy to be appointed as directors based on the criteria mentioned at serial number I above.

### III) Appointment of Key Managerial Personnel and Senior Management Personnel

The Committee shall review organization structure. It shall identify persons who may be appointed as Key Managerial Personnel or as a part of senior management. While recommending appointment of any such candidate, the Committee shall consider expectations of the role of the position being considered, qualification, skill, expertise, background, human qualities such as abilities to perform as a part of a team, emotional quotient, etc. Key Managerial Personnel and Senior Management Personnel shall possess following qualities.

Sr.	Designation	Criteria
1.	Chief Financial Officer	Financial / Accounting qualification with relevant experience (member of ICAI/ICWA/MBA from recognized university).
2.	Company Secretary	Must be a member of the Institute of Company Secretaries of India with relevant experience.
3.	Head - Business Divisions (Acute Segment and Chronic Segment )	Must be a science or pharmacy graduate with additional qualification of PGDM (marketing from recognized institute) with relevant experience.
4.	Head - Supply Chain (material procurement & logistics)	Must be a science or pharmacy graduate with additional qualification of diploma or degree in materials/logistics management with relevant experience.
5.	Head F & D (Formulations & Development)	Must be a science or pharmacy graduate with additional qualification with specialisation in formulations & development with relevant experience.
6.	Head - CQA, Regulatory & ADL	Must be a science or pharmacy graduate with additional qualification with specialisation in quality assurance with analytical



		development with relevant experience.
7.	Head - Internal Audit	Financial / Accounting qualification with relevant experience (member of ICAI/ICWA/CFA/MBA from recognized university).
8.	Head - HR	Must have graduation in any discipline with PGDM/MBA in HR as main subject with relevant experience.

Requirements common to all above positions:

- Scale and nature of business of the Company/ies where he/she worked in past. Person having experience with company equivalent to the company's scale should be preferred.
- Growth he /she made in past and significant achievements for his previous employer/s.
- Family background including family location.
- For serial number 3 and 7 above, the candidate should preferably be having experience with company having pharma business.

**PART - B : REMUNERATION AND PERQUISITES.**

**IV) Remuneration of Directors, KMPs, Senior Management Personnel**

The Committee shall recommend the remuneration payable to Directors, Independent Directors, KMPs and Senior Management Personnel. The Committee shall consider top industry indicators, requirements of role, qualification and experience of candidate, expected contribution of executive to the profitability, challenges specific to the Company and such other matters as the Committee may deem fit. The remuneration must motivate individuals to achieve benchmarks which must be aligned to the vision of the Company. It may contain following:

**a. Fixed & Variable pay:**

Managing Directors and Whole-time Directors shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the NRC with requisite approvals as may be required of shareholders/government.

## Medley Pharmaceuticals Limited

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CIN: U2430MH1975PLC018296



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The CFO and Company Secretary shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the NRC.

Remuneration to Senior Management Personnel 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.

Presently variable remuneration is based on performance of the person and the Company.

The management shall periodically find out the remuneration scale prevalent in the industry / peer group to the extent possible to find out if there is a need for revision in remuneration for retaining the talent.

### **b. Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Directors and Whole-time Directors in accordance with the provisions of Schedule V of the Companies Act, 2013 (the Act) and if it is not able to comply with such provisions or if in the opinion of NRC the incumbent should be paid remuneration more than the maximum prescribed in Schedule V, with the requisite approvals as required under the Act.

### **V) Remuneration to Non-Executive Directors:**

#### **a. Remuneration:**

The Non-Executive directors shall not be eligible for any remuneration, unless specifically approved by the Board of Directors on recommendation of the NRC and/or by the shareholders.

#### **b. Sitting Fees:**

The Non- Executive Directors including independent directors may receive remuneration by way of fees for attending meetings of Board or Committees thereof. Provided that the amount of such fees shall be within specified limits per meeting as may be prescribed by the Central Government from time to time.

#### **c. Commission:**



Commission may be paid to directors subject to approval by shareholders and within the prescribed limit under section 197 of the Companies Act, 2013 and the rules made thereunder.

**d. Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company unless provided under the Companies Act, 2013.

**PART - C: Matters common to Part A and Part B.**

**a. Evaluation:**

The Nomination and Remuneration Committee shall review the performance of each current director and consider the results of such review.

For this purpose, the Committee will obtain quantitative information (number of meetings attended) from the Secretarial Department and qualitative information from the Board which will carry out an exercise of self-evaluation.

Company Secretary shall compile the forms on behalf of the Individual Directors.

**b. Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, 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.

**c. Retirement:**

The Whole Time Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Whole Time Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company subject to the compliance of applicable laws.

**6. FUNCTIONING OF THE NOMINATION & REMUNERATION COMMITTEE:**



- a) HR Team after receiving a mandate that falls within the preview of the NRC, shall complete the Pre-employment formalities laid down in the HR Policy.
- b) Once the candidates are interviewed and screened by the HR Team and Hiring Manager, the name of selected candidate to be presented to the NRC for its consideration and recommendation.
- c) The NRC shall then put forward its recommendations and consideration to the Board. The decision of the Board shall be final.
- d) The NRC has a right to question the credentials of a candidate put forward to it by HR Team. In case of any discrepancy HR Team should reconsider the candidature.
- e) The remuneration to be considered for the Position should be within the grade defined in the Grades, Designation and HR Policy of the Group and considering the attributes like:
  - a) Experience Profile
  - b) Academic & Professional qualification of the respective candidates
  - c) Existing Compensation & benefits
  - d) Market synergy
  - e) Internal Role-wise compensation to maintain the equity
  - f) Importance of the position for sustenance / growth of the business.

## **7. AUTHORITY TO DECIDE ON DEVIATIONS FROM THIS POLICY**

The Board of Directors on the recommendation of the NRC may deviate from this Policy if there are specific reasons to do so in a specific case.

## **8. EFFECTIVE DATE:**

This policy shall be effective from December 10, 2014.