



GUJARAT TERCE LABORATORIES LIMITED

NOMINATION AND REMUNERATION POLICY

(Review and Revised on 09th August, 2019)

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management and other employees has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

DEFINITIONS:

“Remuneration” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;

“Key Managerial Personnel” means:

- i. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- ii. Chief Financial Officer;
- iii. Company Secretary; and
- iv. 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
- v. Such other officer as may be prescribed.

“Senior Managerial Personnel/Senior Management” mean the officers/personnel of the listed company who are members of its core management team excluding Board of Directors. Normally, this shall comprise 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.

OBJECTIVE:

The objective of the policy is to ensure that...

- the level and composition of remuneration is reasonable and sufficient to attract, retain, promote and motivate talent among Directors, KMP and Senior Management and to ensure their long term sustainability to create competitive advantage to run the company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- 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,
- Formulation and specification of criteria for effective evaluation of Independent Directors, the Board of Directors and the Committees of the Board to be carried out either by the Board, by the Committee or by an independent external agency and review its implementation and compliance,
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To assist the Board in fulfilling responsibilities.

ROLE OF THE COMMITTEE:

The role of the NRC will be the following.....

- To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- To recommend to the Board the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To formulate criteria for evaluation of Independent Directors and the Board of directors.
- To devise a policy on Board diversity, composition, size.
- 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, all remuneration, in whatever form, payable to senior Management.
- To develop a succession plan for the Board and to regularly review the plan
- 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 determine whether to extend or continue the term of appointment of the Independent Directors on the Board on the basis of the report of performance evaluation of Independent Directors.
- To ensure 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

- To perform such other functions as may be necessary or appropriate for the performance of its duties.

APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT AND OTHER EMPLOYEES:

- a) 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 his / her appointment, as per Company's Policy.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
- c) The Independent Director shall fulfill the criteria specified in Schedule IV & Section 149(7) of the Companies Act, 2013 and rules made thereunder and of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.
- d) The Company shall not appoint or continue the employment of any person as Whole-time Director or Managing 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.
- e) The appointment and remuneration payable to the Directors and the Key Managerial Personnel shall be as per the applicable provisions of the Companies Act, 2013 and the Rules made thereunder.

TERM / TENURE

- 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.

- b) 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 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.

MAXIMUM NUMBER OF DIRECTORSHIPS

The directors of listed entities shall comply with the following conditions with respect to the maximum number of directorships, including any alternate directorships that can be held by them at any point of time -

- (1) A person shall not be a director in more than eight listed entities with effect from April 1, 2019 and in not more than seven listed entities with effect from April 1, 2020:
- (2) 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 or managing director of a listed company.
- (3) A person shall hold office as a director, including any alternate directorship, in more than twenty companies at the same time:
Provided that the maximum number of public companies in which a person can be appointed as a director shall not exceed ten.

Explanation I — For reckoning the limit of public companies in which a person can be appointed as director, directorship in private companies that are either holding or subsidiary company of a public company shall be included.

Explanation II —For reckoning the limit of directorships of twenty companies, the directorship in a dormant company shall not be included.

EVALUATION

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals terms of Section 178 of the Companies Act, 2013 and the Listing Regulations.

REMOVAL

Due to reasons of 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 of the Companies Act, 2013, rules and regulations framed thereunder.

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.

POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL

(1) Remuneration to Managing Director / Whole-time Directors:

- a) The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, 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 and the approvals obtained from the Members of the Company.
- b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

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

- a) The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013 and rules made thereunder. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- b) All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) 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. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
- c) An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.
- d) Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
 - The Services are rendered by such Director in his capacity as the professional; and
 - In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

(3) Remuneration to Key Managerial Personnel and Senior Management:

- a) The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
- b) The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from to time.

- c) The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

IMPLEMENTATION

- The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- The Committee may Delegate any of its powers to one or more of its members.