

## Sequent Nomination and Remuneration Policy

### Introduction:

The Company has adopted a policy namely “Sequent Policy on Nomination and Remuneration” (the Policy) in adherence to Section 178(3) of the Companies Act, 2013 and Clause 49 (IV) (B) (4) of the Listing Agreement as entered with stock exchange. The policy was approved by the nomination and Remuneration Committee of the Board of Directors of the Company at its meeting held on July 30, 2015. The policy shall act as a guideline on matters relating to the remuneration, appointment, retention, removal and evaluation of performance of the Directors, Key Managerial Personnel, senior management and other employees of the Company as covered under this policy (“Employees”).

### Definition:

‘Act’ means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

‘Board’ means the Board of Directors of the Company.

‘Committee’ means the Nomination and Remuneration Committee

‘Directors’ mean Directors of the Company.

‘Key Managerial Personnel’ means Chief Executive Officer and Managing Director, Whole-time director, Chief Financial Officer, Company Secretary; and such other officer as may be prescribed under the Act.

‘Senior Management’ mean personnel of the company who are one level below the Board of Directors of the Company including the core management team of the Company and excluding the Board of Directors of the Company.

“Sequent” includes Sequent Scientific Limited and its all subsidiaries and joint ventures incorporated in India or outside India.

### Scope of the Policy:

This policy is applicable to all Directors, Key Managerial Personnel (KMP), and Senior Management team and Employees of Sequent.

### Nomination and Remuneration Committee:

The Board has constituted the Committee in line with requirements of the Companies Act, 2013 and Clause 49 of the Listing Agreement, to oversee the functions related to appointment and remuneration of the Directors, Key Managerial Personnel, Senior Management and Employees

The Committee will consist of three or more non-executive directors, out of which at least one-half shall be independent director(s), provided that Chairperson of the Company may be appointed as a member of the Committee but shall not chair the Committee. The meeting of Committee shall be held at such regular intervals as may be required to carry out the objectives set out in the Policy with minimum two members who shall constitute the quorum for the meeting.

The Composition of the Committee will be disclosed in the Annual Report of the Company.

### Key Objectives of Committee:

The Key objectives of the committee are:

- To identify persons who are qualified to become Directors, Key Managerial Personnel and Senior Management of the Company
- To guide board in relation to appointment, retention and removal of Directors, Key Managerial Personnel and Senior management of the Company.
- To evaluate the performance of the members of the board including independent directors to provide necessary information/ report to the board for further evaluation.
- To recommend to the board on remuneration payable to the Directors and Key managerial personnel
- To retain motivate and promote talent and to ensure long term sustainability of talented managerial person and create competitive advantage
- To devise a policy on Board diversity
- To develop a succession plan for the Board and to regularly review the plan

#### **Duties and roles of the committee:**

- Formulating the criteria of determining the qualification, positive attributes and independence of the Director.
- Recommending to the Board the remuneration payable to the Directors and Key managerial personnel
- Identifying person who are qualified to become a director and person who may / can be appointed as Key Managerial Personnel or in the Senior Management in accordance to the criteria laid down in the policy
- Recommending to the board, appointment and removal of the Director, Key Managerial Personnel and Senior Management Personnel.
- Determining the appropriate size diversity and composition of the board.
- Setting a formal and transparent procedure for handling new director for appointment to the board.
- Ensuring that there is an appropriate induction plan in place for new directors and reviewing its effectiveness
- Identifying and recommending directors who are to be put forward for retirement by rotation
- Developing a succession plan for the board and senior management and regularly review the plan
- Evaluating the performance of the board members including independent directors and the senior management in the context of the company's performance, industry benchmarks and compliance.
- Making recommendation to the board concerning any matter 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 law and the service contract.
- Recommend necessary changes to the board in line with board diversity policy.
- Considering and determining the Remuneration policy, based on performance with a reasonable and sufficient need to attract, retain and motivate members of the Board.
- approve the remuneration of Key Managerial Personnel of the Company by maintaining a balance between fixed and incentive pay reflecting short and long term, performance objectives appropriate to the working of the Company, and its growth strategy.
- Overseeing the formulation and implementation of ESOP Schemes, its administration, supervision and formulating detailed terms and conditions in accordance with SEBI Guidelines
- Consider any other matters as may be requested by the Board.

#### **Appointment criteria and qualifications:**

- The Committee shall ensure that Managing Director/ Whole Time Director of the Company is not appointed as Chairman of the Board/ Company.
- The Committee shall ensure that the Composition of the Board of the Company is compliant with the applicable Laws/ Regulations
- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Key Managerial Personnel and recommend to the Board his/ her appointment.

- A person should possess adequate qualification, expertise and experience to handle the the position for which he/ she will be proposed to be appointed. . The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position.
- The company shall not appoint any person as Managing Director/ Whole-time Director who has not completed the age of twenty one years andwo 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 members 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.
- The Committee shall ensure to achieve Board diversity

#### **Board Diversity:**

- The Committee shall achieve Board diversity by nominating Board members with expertise in different areas/ fields like Finance, Pharma, Research & Development, Intellectual Property, Corporate Law and Legal, Engineering, banking etc. Board diversity shall be based on number of other aspects like gender, age, cultural and educational background, ethnicity, professional experience, knowledge etc.,
- The diversified Board will enhance the quality of the decisions made by the Board by utilizing the different skills, qualification, professional experience, gender, knowledge etc. of the members of the Board, necessary for achieving sustainable and balanced development.

#### **Term/ Tenure:**

- 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 such term as may be specified under the Act. No re-appointment shall be made earlier than one year before the expiry of term, and which shall be done with the approval of the members of the Company.
- 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 one more term of five years 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, 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 three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

#### **Succession Plan for Directors:**

The Committee shall assist the Board in identifying and selecting a new directors in the event of an anticipated or an unanticipated vacancy in the Board.

The purpose of the Director Succession Plan is to ensure the orderly identification and selection of new directors in the event of a vacancy on the Board, whether such opening exists by reason of an anticipated retirement, an unanticipated departure, the expansion of the size of the Board, or otherwise. The Committee shall identify nominees for the position of director.

If a director position becomes vacant by reason of death or other unanticipated occurrence, the Committee shall convene a special meeting as rapidly as possible to implement the process described hereinabove.

### **Evaluation:**

The Company has formulated a policy called as Sequent Board Performance Evaluation Policy. Based on this the Company has prepared a questionnaire to carry out the evaluation of performance of every Director including the independent directors at regular intervals and at least on an annual basis. The questionnaire is structured to embed various parameters based on which the performance of a Board can be evaluated. Customised Questionnaires are formulated for evaluating Independent Directors, Non-Independent Directors & Whole-time Directors, Chairperson of the Board; and the Board, as a whole.

The Committee may review and restructure the questionnaires and may also adopt other methods of evaluating the Board as and when necessary to achieve the better implementation of evaluation mechanism.

The Committee may review this policy as and when required.

### **Removal**

Due to any disqualification as mentioned in the Act or under any other applicable Act, rules and regulations there under or for any other valid reason the committee may recommend, to the Board with reasons recorded on writing, removal of a Director, Key Managerial Personnel or any Senior Management Personnel subject to the provisions and compliance of the said Act, rules, regulations and service contract.

### **Retirement:**

The Director and Key Managerial Personnel shall retire at the age as per the applicable provisions of the Act or HR policy of the Company. The Board will have the discretion to retain the Director or Key Managerial Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, if it is in the best interest of the Company.

### **Remuneration:**

The remuneration of the Managing Director/ Whole-time Director will be determined by the Committee and recommended to the Board for approval subject to approval of the members of the Company and Central Government, if required. The Committee will approve the remuneration of Key Managerial Personnel of the Company. The Company may place before the Committee if so necessary the remuneration payable to Senior Management for its approval.

The remuneration and commission including increments recommended to be paid to the Whole-time Director shall be in accordance with the percentage/ slabs/ conditions laid down as per the provisions of the Act. These would be subject to approval of the members of the company.

- **Remuneration to Whole-time Director / Executive Director / Managing Director and Key Managerial Personnel**
  - Fixed pay: Managing Director/ Whole-time Director/ shall be eligible for a monthly remuneration as may be approved by the Board/ Members on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to provident fund, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board and approved by the members and Central Government, wherever required. The Committee shall approve the remuneration for the Key Managerial Personnel.
  - 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 Director/ Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not

able to comply with such provisions, with the previous approval of the Central Government.

- Long-term rewards: These long-term rewards are linked to contribution to the performance of the Company based on relative position of the personnel in the organization. These rewards could be in the form/ nature of stock options and are based on level of employees and their criticality.
- Provisions for excess remuneration: If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the act or without the prior sanction of the Central Government, where required he/ she shall refund such funds to the company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.
- Variable Pay; The Company may give Variable pay to its Managing Director/ Whole Time Director and other Key Managerial Personnel as per the recommendation of the Committee.

- **Remuneration to Non-Executive Director / Independent Director:**

- Remuneration / Commission: The remuneration / commission shall be fixed as per the limits mentioned in the Act, subject to approval from the members as applicable.
- Sitting Fees: The Non-Executive / Independent Director shall receive remuneration by way of fees for attending meetings of Board or Committee thereof as may be approved by the Board. Provided that the amount of such fees shall not exceed such amount as may be prescribed by the Central Government from time to time.
- Stock Options: An Independent Director and Promoter Director shall not be entitled to any stock option of the Company.

The Non-Executive and Independent Directors are also entitled to claim reimbursement of all his/ her travelling, hotel and other incidental expenses incurred by him/ her in performance of duties as director of the Company, as per the provisions of the Act 2013.

- **Remuneration to other employees of the Company**

The Remuneration to other employees shall be as per the HR policy of the Company and shall be based on the role and position, professional experience, responsibility and the industrial standards. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be as per the HR policy of the Company.

The other employees shall be eligible for annual increments based on the annual appraisal carried out by Head of the Departments of various departments.

**Employee Stock Option Scheme:**

The Committee shall act as Compensation Committee to oversee the implementation, administration, supervision and formulation of detailed terms and conditions of ESOP Schemes of the Company in accordance with SEBI ESOP Guidelines.

The Committee shall identify the Directors/ Employees of the Company to whom the employee stock options can be granted based on the performance of the grantee and as per criteria mentioned in the Employee Stock Option Scheme.

**Amendments and Updatons:**

The Nomination and Remuneration Committee periodically shall review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate, which shall be in accordance with the provisions of the Companies Act, 2013. In case of any modifications, amendments or inconsistencies with the Act, the provisions of the Act and the rules framed thereunder would prevail over the Policy.