

NOMINATION AND REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

INTRODUCTION

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time this "**Nomination and Remuneration Policy for Directors, Key Managerial Personnel and Other Employees**" of **Morepen Laboratories Limited** has been formulated by the Committee and approved by the Board of Directors.

OBJECTIVE AND PURPOSE

The objective and purpose of this 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 Senior Management and Key Managerial positions and to determine their remuneration.
- To carry out evaluation of the performance of Directors, as well as 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 and adopted by the Board of Directors at its meeting held on 13th November, 2014.

CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE

The Board has changed the nomenclature of Remuneration Committee by re-constituting it as Nomination and Remuneration Committee in the meeting of the Board of Directors held on 21st May, 2014. The Nomination and Remuneration Committee comprises of following members:

S. No.	Name	Designation
1.	Mr. Manoj Joshi	Chairman
2.	Mr. Sukhcharan Singh	Member
3.	Mr. Bhupender Raj Wadhwa	Member

The Board has the power to re-constitute the Committee consistent with the Company's policy and applicable statutory requirements.

DEFINITIONS

1. **Board** means Board of Directors of the Company.
2. **Director** means Directors of the Company.
3. **Committee** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
4. **Company** means Morepen Laboratories Limited.
5. **Independent Director** means a director referred to in Section 149 (6) of the Companies Act, 2013.
6. **Key Managerial Personnel (KMP)** means a KMP as defined under the Companies Act, 2013 and includes:
 - i. CEO/Managing Director/Manager;
 - ii. Whole-time Director;
 - iii. Chief Financial Officer;
 - iv. Company Secretary; and
 - v. Such other officer as may be prescribed under the applicable statutory provisions/regulations.
7. **Senior Management Personnel** means personnel of the Company occupying the position of Chief Executive Officer (CEO), Vice President (VP), Assistant Vice President (AVP) or General Manager (GM) of any unit, division, business, function or responsibility area.

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.

APPLICABILITY

This Nomination and Remuneration shall apply to the Company's:

1. Directors (Executive and Non-Executive)
2. Key Managerial Personnel
3. Senior Management Personnel (Other Employees)

GENERAL

This Policy is divided in three parts: Part – A covers the matters to be dealt with and recommended by the Committee to the Board, Part – B covers the appointment and nomination and Part – C covers remuneration and perquisites etc.

PART - A

MATTERS TO BE DEALT WITH, PERSUED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE

The Committee shall:

1. Formulate the criteria for determining qualifications, positive attributes and independence of a director. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
2. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

PART - B

POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

Appointment criteria and qualifications:

1. 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.
2. A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
3. The Company shall not appoint or continue the employment of any person as Whole-time 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 based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

Term / Tenure:

A. Managing Director / Whole-Time Director

The Company shall appoint or re-appoint any person as its Managing Director or Executive Director (Whole-time 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 for another term of upto five consecutive 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 period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

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 of a listed company.

Evaluation:

The Committee shall carry out evaluation of performance of every Director (including Independent Director), KMP and Senior Management Personnel periodically.

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.

Retirement:

The 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 Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

PART - C

POLICY RELATING TO THE REMUNERATION FOR THE MANAGING DIRECTOR, WHOLE-TIME DIRECTOR, KMP'S AND SENIOR MANAGEMENT PERSONNEL

General:

The remuneration/compensation/commission etc. payable to the Managing Director, Whole-time Director, KMP's and Senior Management Personnel, shall be determined/approved by the Committee, at the time of their appointment, and recommended to the Board, for its approval, if required under law.

The remuneration/compensation/commission, etc. payable to a Managing Director and Whole-time Director shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

The remuneration and commission to be paid to the Managing Director and Whole-time Director shall be in accordance with the percentage/slabs/conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules made thereunder.

Increments to the existing remuneration/compensation structure may be recommended by the Committee or be carried out in accordance with the HR Policy of the Company, which should be within the slabs approved by the Board and Shareholders, in the case of Managing Director and Whole-time Director.

Where any insurance is taken by the Company for its Managing Director, Whole-time Director, Chief Executive Officer, Chief Financial Officer, Company Secretary and/or any other employees, for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

Remuneration to Managing Director, Whole-Time Director, KMP's and Senior Management Personnel:

Fixed Pay

The Managing Director, Whole-time Director, KMP's and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee, at the time of their appointment. They are also eligible for increments to the existing remuneration / compensation structure as may be recommended by the Committee or in accordance with the HR Policy of the Company. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees, etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director(s) in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

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 Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums 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.

Remuneration to Non- Executive / Independent Director:

Remuneration / Commission

The remuneration/commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder.

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

Sitting Fees

The Non- Executive/Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. 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 shall not be entitled to any stock option of the Company.

OTHERS

Clauses with respect to the Membership and Term, Chairperson, Frequency of Meetings, Duties and other administrative functions of the Committee shall be as per Act and terms of reference.

REVIEW OF THE POLICY

The Committee will discuss any revisions that may be required, and recommend any such provisions to the Board for consideration and approval.