



PRIVI SPECIALITY CHEMICALS LIMITED

(Formerly known as Fairchem Speciality Limited)

(CIN: L15140MH1985PLC286828)

**Regd Off: Privi House, A-71, TTC, Near Koparkhairne Railway Station, Navi Mumbai -
400709**

NOMINATION AND REMUNERAION POLICY

**(Adopted by the Board at its meeting held on
Thursday, November 05, 2020)**

NOMINATION AND REMUNERATION POLICY

Introduction

The Nomination & Remuneration Policy is prepared in terms of Section 178 of the Companies Act, 2013 ("Act") and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In case of any inconsistency between the provisions of law and this remuneration policy, the provisions of the law shall prevail and the Company shall abide by the applicable law.

Constitution of the Nomination & Remuneration Committee ("NRC"):

The Board has the power to constitute / reconstitute the Committee from time to time in order to make it consistent with Company's policies and applicable statutory requirements. The composition of the Company shall be in line with the requirements of the Act and the Listing Regulations.

Provided that the Chairperson of the Company (whether Executive or Non-Executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.

The Company Secretary of the Company shall act as the Secretary of the NRC.

In the light above, appended is the Draft Nomination & Remuneration Policy for the approval of the Board of Directors.

Definitions

- a) **"Board"** means Board of Directors of the Company.
- b) **"Company"** means "Privi Organics India Limited (which expression shall also includes its Subsidiaries).
- c) **"Independent Director"** means a director referred to in Section 149 (6) of the Companies Act, 2013.
- d) **"Key Managerial Personnel"** (KMP) means;
 - (i) Chief Executive Officer or the Managing Director or the Manager,
 - (ii) Company Secretary,
 - (iii) Whole-time Director,
 - (iv) Chief Financial Officer and
 - (v) Such other officer as may be prescribed.

- e) "**Nomination and Remuneration Committee**" shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013.
- f) "**Policy or This Policy**" means, "Nomination and Remuneration Policy."
- g) "**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.
- h) "**Senior Management**" means, personnel of the Company who are Members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads.

Guiding Principles

The Policy ensures that

- a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully
- b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- c) 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.

Role and Responsibilities

The role of the Committee inter alia will be the following:

- a) To guide the Board in relation to the appointment and changes in Directors and Key Managerial Personnel;
- b) To formulate criteria for determining qualifications, positive attributes and independence of directors;
- c) To specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
- d) To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
- e) To recommend to the Board remuneration payable to the Directors and Key Managerial Personnel and Senior Management Personnel;
- f) To develop a succession plan for the Board and to regularly review the plan;
- g) To decide whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors; and
- h) Consider any other matters as may be prescribed under the Act or Listing Regulations or as may be requested by the Board from time to time.

The Committee shall have the following responsibilities and authority:

The Committee shall annually review and approve the corporate goals and objectives applicable to the CEO, Managing Director, Executive Director, President, KMP's and evaluate their performance in light of those goals and objectives and determine and approve the –

- (a) annual base salary,
- (b) annual incentive bonus, including the specific goals and amount,
- (c) equity compensation (including ESOP's, if any as applicable),
- (d) employment agreements, severance arrangements, and change in control agreements / provisions, and
- (e) any other benefits, compensation, or arrangements, based on this evaluation.

The Committee shall review the performance of the Managing Director, Executive Directors each quarter, on the basis of detailed performance parameters set for the Managing Director, Executive Directors at the beginning of the year. The Committee may, from time-to-time, also evaluate the usefulness of such performance parameters, and make necessary amendments.

The Committee is responsible for administering the Company's equity incentive plans, as may be formulated from time to time, including the review and grant of awards to eligible employees under the plans and the terms and conditions applicable to such awards, subject to the provisions of each plan.

Appointment of Director, Key Managerial Personnel & Senior Management:

Appointment Criteria & Qualification:

The recruitment process for selection and appointment of Director, Key Managerial Personnel and Senior Management commences after the approval of manpower requisitions by the appointing authority (depending upon the hierarchy levels). Relevant approval of concerned is also obtained as part of the process, as deemed fit depending upon the level of hiring.

The Committee shall consider the standards of qualification, expertise and experience of the candidates for appointment as Director, Key Managerial Personnel and accordingly recommend to the Board his/her appointment.

Remuneration to Key Managerial Personnel, Senior Management Personnel and other employees:

- a) The Key Managerial Personnel, Senior Management Personnel and other employees shall be paid remuneration as per the Compensation and Benefit Policy of the Company as revised through the Annual Salary Review process from time to time.
- b) The Human Resource department will inform the Committee, the requisite details on the proposed increments for every Annual Salary Review cycle / process including payouts for the variable part (Performance Incentive).
- c) The composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate the Key Managerial Personnel and Senior Management of the quality required to effectively run the Company. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks.
- d) The market salary survey for total remuneration is commissioned with external consultants. The Basket of companies chosen for the survey are selected and finalized by HR department in consultation with concerned department making requisition.
- e) Revision in remuneration of Key Managerial Personnel assuming position of a director within the meaning of the Act, shall require prior approval of the Nomination & Remuneration

Committee and the Board. Such Director shall not participate in discussion and voting thereon.

- f) The remuneration, including revision in remuneration, payable to Senior Management shall be recommended by the Committee to the Board of Directors.
- g) Remuneration to Non-Executive & Independent Directors
 - i. Sitting Fees
The Non-executive Directors and Independent Directors of the Company are entitled to sitting fees as determined by Board from time to time for attending Board / Committee meetings thereof in accordance with the provisions of Companies Act, 2013
 - ii. Profit Linked Commission
The profit-linked Commission shall be paid within the monetary limit approved by the shareholders of the Company subject to the same not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act. Profit linked commission would comprise of a fixed component and variable component and will be determined by the Board for each financial year

Advisors

The Committee may seek the advice of the external specialised agencies in fixation and evaluation of remuneration of the CEO, Managing Director, Executive Director, President and other senior level personnel. The Committee shall have the sole authority to select, retain and terminate the services of any compensation consultant to be used to assist in the evaluation of compensation for the CEO, Managing Director, Executive Director, President or senior management, and shall have the sole authority to approve the consultant's fees and other retention terms and oversee the consultant's work. The compensation Committee shall also have the authority to obtain advice and assistance from internal or external legal, accounting or other advisors. The Committee shall set the compensation, and oversee the work, of its external legal counsel, accountants and other advisors with respect to compensation matters.

The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a Committee of the Board, for the payment of compensation to its compensation consultants, external legal counsel and any other advisors with respect to compensation matters.

- In retaining or seeking advice from compensation consultants, outside counsel and other advisors, the Committee must take into consideration the recommendation of the Board in this regard.
- The Committee may retain, or receive advice from, any compensation advisor as they may deem fit and proper, including directors that are not independent, after considering the specified factors. The Committee is not required to assess the independence of any compensation consultant or other advisor that acts in a role limited to consulting on any broad-based plan that does not discriminate in scope, terms or operation in favor of executive officers or directors and that is generally available to all salaried employees or providing information that is not customized for a particular company or that is customized based on parameters that are not developed by the consultant or advisor, and about which the consultant or advisor does not provide advice.

Committee Members' Interest

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

Meetings and reports

The Committee shall meet at such interval as required and at such times and places as it deems necessary to fulfill its responsibilities.

- The Committee is governed by the same rules regarding meetings (including through video conferencing meetings), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.
- The Committee shall make regular reports to the Board regarding its actions and make recommendations to the Board as appropriate.
- The Committee shall prepare such reports as may be required by any law, rule or regulation to which the Company is subject.
- The Committee may invite such members of management to its meetings as it deems appropriate. However, the Committee shall meet regularly without such members present, and the CEO and any other such officers shall not be present at meetings at which their compensation or performance is discussed or determined.

Policy on Board Diversity

The Board shall comprise of Directors having expertise in different areas / fields like Finance, Sales and Marketing, Banking, Engineering, Human Resource management, etc. or as may be considered appropriate. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. The Board shall have at least one Board member who has accounting or related financial management expertise and at least one women director.

Changes amongst Directors, Key Managerial Personnel:

The Committee may recommend to the Board, changes in Board or Key Managerial Personnel subject to the provisions of the Act, Listing Regulations and applicable Company's policies i.e., Rules and Regulation of Service and Code of Conduct for Directors & Senior Management Personnel and any other legal compliance framed and adopted by the Company from time to time.

Amendments to the Nomination and Remuneration Policy:

The Board as per the recommendations of Nomination and Remuneration Committee can amend this policy, as deemed fit from time to time.

ANNEXURE – Section 178 of the Companies Act, 2013
NOMINATION AND REMUNERATION COMMITTEE

178. (1) The Board of Directors of every listed company and such other class or classes of companies, as may be prescribed shall constitute the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors:

Provided that the chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.

(2) The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.

(3) The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

(4) The Nomination and Remuneration Committee shall, while formulating the policy under subsection (3) ensure that—

(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) 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:

Provided that such policy shall be disclosed in the Board's report.

(5) The Board of Directors of a company which consists of more than one thousand shareholders, debenture-holders, deposit-holders and any other security holders at any time during a financial year shall constitute a Stakeholders Relationship Committee consisting of a chairperson who shall be a non-executive director and such other members as may be decided by the Board.

(6) The Stakeholders Relationship Committee shall consider and resolve the grievances of security holders of the company.

(7) The chairperson of each of the committees constituted under this section or, in his absence, any other member of the committee authorised by him in this behalf shall attend the general meetings of the company.

(8) In case of any contravention of the provisions of section 177 and this section, the company shall be punishable with fine which shall not be less than one lakh rupees but which may extend

to five lakh rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than twenty-five thousand rupees but which may extend to one lakh rupees, or with both:

Provided that non-consideration of resolution of any grievance by the Stakeholders Relationship Committee in good faith shall not constitute a contravention of this section.

Explanation — The expression “senior management” means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.