

# **NOMINATION AND REMUNERATION POLICY**

*Adopted on May 10, 2017*



## **PRIVI ORGANICS INDIA LIMITED**

**(formerly known as Adi Aromatic Limited)**

Privi House, A-71,  
TTC Industrial Area, Thane Belapur Road, Koparkhairane, Navi  
Mumbai - 400 709  
Tel: +91 22 27783040/ 41/45  
Fax: + 91 22 27783049

CIN- U24220MH2016PLC283393  
[www.privi.com](http://www.privi.com)

## Introduction

In terms of Section 178 of the Companies Act, 2013 (Annexure), 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.

**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.
- g) "**Policy or This Policy**" means, "Nomination and Remuneration Policy."
- h) "**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.

- i) "**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.

### **Charter Purpose**

The purpose of the Nomination and Remuneration Committee (the "Committee") of the Board of Directors (the "Board") shall be to assist the Board in discharging its responsibilities relating to compensation of the Company's Managing Director, Executive Directors and other senior level employees. The Committee has the overall responsibility of approving and evaluating the adequacy of the compensation plans, policies, programs and succession plans for Company's Managing Director, Executive Director and the Chief Executive Officer.

The Key Objectives of the Committee would be:

- a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- c) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

### **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.

### **Membership and organization**

The Committee will be appointed by the Board and will serve at its discretion. The Committee shall consist of not less than three members out of which two of them shall be Independent Directors.

The members of the Committee will be appointed by the Board and may be removed by the Board in its discretion. The Board shall designate a member of the Committee as the chairperson.

## **Role and Responsibilities**

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

- a) To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- b) Formulate criteria for evaluation of Independent Directors and the Board.
- c) 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.
  
- d) To carry out evaluation of Director's performance and recommend to the Board appointment / removal based on his/her performance.
- e) To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- f) Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- g) To devise a policy on Board diversity.
- h) 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.
- i) To perform such other functions as may be necessary or appropriate for the performance of its duties.

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 Directors, President, evaluate at least annually the CEO's / Managing Director, Executive Director, Presidents' performance in light of those goals and objectives and determine and approve the CEO's / Managing Director, Executive Director, Presidents' –

- (a) annual base salary,
- (b) annual incentive bonus, including the specific goals and amount,
- (c) equity compensation,
- (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.

The Committee may also make recommendations to the Board with respect to incentive compensation plans, as applicable. The Committee may review the Company's incentive compensation arrangements to determine whether they encourage excessive risk-taking, review and discuss at least annually the relationship between risk management policies and practices and compensation, and evaluate compensation policies and practices that could mitigate any such risk.

The Committee shall review and reassess the adequacy of this charter annually and recommend any proposed changes to the Board for approval.

The Committee shall annually review its own performance and shall present the results of the evaluation to the Board. The Committee shall conduct this evaluation in such manner as it deems appropriate.

The Committee shall have the responsibility to maintain regular contact with the leadership of the Company. This should include interaction with the Company's leadership development institute, review of data from the employee survey and regular review of the results of the annual leadership evaluation process.

### **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 regards.

- 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.

### **Compensation**

Members of the Committee shall receive such fees, if any, for their services as Committee members as may be determined by the Board.

**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 sub-section (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.