

Nomination and Remuneration Policy

I. Preamble

Pursuant to Section 178 of Companies Act, 2013, as amended and rules made thereunder (the “**Act**”) and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “**SEBI Listing Regulations**”), the board of directors of every listed company is required to constitute the nomination and remuneration committee.

II. Objective

The primary objective of the remuneration policy is to provide a framework and set standards for paying remuneration to the Directors, Key Managerial Personnel and Other Employees. The Company has therefore formulated the remuneration policy keeping in view the following objectives:

- a. To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive / Non-Executive) and recommend to the board of directors of the Company (the “**Board**”), policies relating to the remuneration of the Directors, Key Managerial Personnel and Senior Management .
- b. To formulate criteria for evaluation of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- c. To guide Board of Directors in remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- d. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- e. To devise a policy on Board diversity.
- f. To develop a succession plan for the Board and to regularly review the plan.
- g. To determine 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.

III. Definitions

- a. “**Act**”: means the Companies Act, 2013 and the rules framed thereunder, as amended from time to time.
- b. “**Board**” means Board of Directors of the Company.
- c. “**Company**” means Fine Organic Industries Limited.
- d. “**Directors**” shall mean Directors of the Company.
- e. “**Nomination and Remuneration Committee or NRC**” means a Committee of the Board

acting as the Nomination and Remuneration Committee pursuant to section 178 of the Act and Clause 49.

- f. **“Key Managerial Personnel”** or **“KMP”** means:
- i. Chief Executive Officer or the Managing Director or the Manager;
 - ii. Whole-time director;
 - iii. Chief Financial Officer;
 - iv. Company Secretary; and
 - v. such other officer as may be prescribed under the Act.
- g. **“Senior Management”** means personnel of the Company who are members of its core management team excluding the Board. This would include all members of management one level below the executive directors, including all the functional heads.
- h. **“Independent Director”** means a director referred to in Section 149(6) of the Act.

IV. Appointment and removal of Directors, KMPs and Senior Management

a. *Appointment criteria and qualifications:*

- i. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or Senior Management and recommend to the Board his / her appointment.
- ii. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has the discretion to decide whether qualifications, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- iii. The Committee shall review the criteria for the role and define the role specifications for the appointment of Directors, KMP and Senior Management.
- iv. The NRC shall assign the responsibility of identifying the candidate for the final interview by the NRC to the following:
 - a) to Chairman of the Board and Chairperson of NRC, in case of selection of Directors; and
 - b) To the MD & any whole time director in case of selection of KMP & Senior Management Personnel.
- v. The NRC shall identify member(s) of the Board who will interview the candidate recommended to the NRC as above.
- vi. Upon selection of the candidate, the NRC shall make a recommendation to the Board for appointment of Director/ KMP/ Senior Management Personnel. For discharging this duty the NRC may seek inputs from the persons responsible for identifying the candidates as stated above.
- vii. The appointment of Directors and KMP shall be subject to the compliance of the Act,

and the Articles of Association of the Company.

b. Term / Tenure:

i. *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.

c. Independent Director:

- i. An Independent Director shall hold office for a term up to five consecutive years on the Board 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.
- ii. 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.
- iii. At the time of appointment of Independent Director it should be ensured that number of board of directors 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 or such other number as may be prescribed under the Act or the SEBI Listing Regulations.

d. Evaluation:

- i. The Board is committed to assessing its own performance as a Board in order to identify its strengths and areas in which it may improve its functioning. Towards this end, the NRC shall establish the criteria and processes for evaluation of performance of Individual Directors, Chairperson of the Board, the Board as a whole and the Committees of the Board and recommend the same to the Board.
- ii. The Board is responsible for monitoring and reviewing of the Board Evaluation framework.
- iii. The NRC is responsible for carrying out evaluation of every director's performance.
- iv. The performance evaluation shall take place annually. It shall be the responsibility of the Chairperson of the NRC to organise the evaluation process;
- v. The appointment / re-appointment / continuation of Directors on the Board shall be

subject to the outcome of the yearly evaluation process.

vi. Meeting of Independent Directors:

The Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of Non-independent Directors and members of the management.

Such meeting shall:

- a) Review the performance of Non-independent Directors and the Board as a whole;
- b) Review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-executive Directors;
- c) Assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The Independent Directors may call such meeting(s) at any point of time as desired.

e. Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable law, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, such other applicable law, rules and regulations.

f. Policy relating to the Remuneration for the Whole-time Director:

- i. The remuneration / compensation / commission etc. to the Whole-time Director, will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- ii. The remuneration and commission to be paid to the 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 Act.
- iii. Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the shareholders in the case of Whole-time Director.

g. Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management:

i. Fixed pay:

The Whole-time Director/ Managing Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee.

The remuneration of KMP and Senior Management largely consists of basic salary, perquisites, and allowances (both fixed and variable). Perquisites and retirement benefits are paid according to the Company policy.

They are also entitled to customary non-monetary benefits such as Company car and Company health care, telephone & accommodation on case to case basis.

ii. *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 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.

V. Provisions for excess remuneration:

If any Whole-time Director/ Managing 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 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.

VI. Remuneration to Non - Executive Directors

- (a) The Board, on the recommendation of the NR Committee, shall review and approve the remuneration payable to the Non - Executive Directors of the Company within the overall limits approved by the shareholders.
- (b) Non - Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof. The Non- Executive Directors shall also be entitled to profit related commission in addition to the sitting fees subject to recommendation of the Board and subject to the approval of the shareholders.
- (c) The sitting fees to the Independent Directors shall not be less than the sitting fees payable to other directors.
- (d) Remuneration/ 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 Act.
- (e) An Independent Director shall not be entitled to any stock option of the Company.

VII. Minutes of committee meeting

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

VIII. Deviations from this Policy

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.