

EMBIO LIMITED
NOMINATION & REMUNERATION POLICY

Introduction

The Company considers human resources as its invaluable assets. This policy on nomination and remuneration of Directors, Key Managerial Personnel (KMPs) and other employees has been formulated in terms of the provisions of Companies Act, 2013 in order to pay equitable remuneration to the Directors, KMPs and employees of the Company and to harmonize the aspirations of human resources consistent with the goal of the Company.

Objective of the policy

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto.

The objectives and purpose of this policy are:

- To formulate the criteria for determining qualification, competencies, positive attributes and independence for appointment of a Director (Executive/Non-Executive) and recommend to the Board policies relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
- The policy also addresses the following items: Committee member qualification; Committee member appointment and removal, Committee structure and operation; and Committee reporting to the board.
- To formulate the criteria for evaluation of performance of all the Directors on the Board;

Constitution of the Nomination & Remuneration Committee

The Board has constituted the “Nomination and Remuneration Committee” of the Board on 6th May, 2014. This is in line with the requirements under the Companies Act, 2013.

Definition

<i>“Act”</i>	means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
<i>“Board”</i>	means Board of Directors of the Company.
<i>“Directors”</i>	means Directors of the Company.
<i>“Committee”</i>	means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable rules and regulations.
<i>“Company”</i>	means Embio Limited
<i>“Independent Director”</i>	means a Director referred to in Section 149(6) of the Companies Act, 2013 and rules thereunder.
<i>“Key Managerial Personnel”</i>	means (i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director; (ii) Chief Financial Officer; (iii) Company Secretary; and (iv) such other officer as may be prescribed. “Senior Management” means Senior Management means the 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.

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.

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.

This policy shall be included in the Report of the Board of Directors.

Part – A

Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee

The following matters shall be dealt by the Committee:-

- Determining the appropriate size and composition of the Board;
- Setting a formal and transparent procedure for selecting new director(s) who are qualified for appointment to the Board;
- To recommend the Board on appointment and removal of the directors' and the personnel to be appointed in senior management.
- Developing a plan for identifying, assessing and enhancing directors' competencies.
- Determining remuneration policies and remuneration to directors'.
- To carry out evaluation of every director's performance.
- Reviewing succession plans for senior management.
- To formulate the criteria's for determining the qualifications, positive attributes and independence of directors and recommend to the Board a policy, relating to the remuneration for the directors', Key Managerial Personnel and other employees which is to be disclosed in Board of Directors' Report.

PART – B

Policy for appointment and removal of Director, KMPs 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 senior management level and recommend to the Board his / her appointment.
- 2) A person to be appointed as Director, KMP or senior management level 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) A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise and insights in sectors / areas relevant to the Company, ability to contribute to the Company's growth, complementary skills in relation to the other Board members.
- 4) The Company shall not appoint or continue the employment of any person as Managing Director / Executive Director who has attained the age of sixty years and shall not appoint Independent Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended at the discretion of the committee beyond the age of sixty years/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 sixty years/Seventy years as the case may be.
- 5) A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of the Company.

Term / Tenure

1. *Managing Director / Whole-time Director*

The Company shall appoint or re-appoint any person as its Managing Director and CFO or 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.

2. 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 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 (Executive) Director of a listed company.

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 or KMP subject to the provisions and compliance of the said Act, rules and regulations.

Retirement

The Whole-time Directors, 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 Whole-time Directors, KMP and 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 Directors, KMPs and other employees

General

1. The remuneration / compensation / commission etc. to Directors will be determined by the Committee and recommended to the Board for approval.
2. The remuneration and commission to be paid to the Managing Director shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managing Director.
4. Where any insurance is taken by the Company on behalf of its Managing Director, Chief Financial Officer, the Company Secretary and 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 KMPs and other employees

The policy on remuneration for KMPs and other employees is as below:-

The Committee would determine the remuneration of the Directors and formulate guidelines for remuneration payable to the employees. These guidelines are as under:

1. Annual remuneration to employees

Annual remuneration refers to the annual compensation payable to the employees of the Company. This comprises two parts - a fixed component, and a performance-linked variable component based on the extent of achievement of the individual's objectives and performance of the business unit. Every employee is required to sign a performance contract which clearly articulates the key performance measures for that particular defined role. The performance-linked variable pay will be directly linked to the performance on individual components of the performance contract and the overall performance of the business. An employee's variable pay would, therefore, be directly dependent on key performance measures that represent the best interests of shareholders.

The objective is to set the total remuneration at levels to attract, motivate, and retain high-caliber, and high potential personnel in a competitive global market. The total remuneration level is to be reset annually based on a comparison with the relevant peer group globally, established through independent compensation surveys, from time to time.

2. Minimum remuneration to Managing Director & Whole Time Director

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director in accordance with the provisions of Schedule V of the Companies Act, 2013 read with rules thereunder.

3. Remuneration to Non-Executive / Independent Directors

The remuneration payable to each Non-Executive Director is dependent on individual contributions, the Company's performance, and the provisions of the Companies Act, 2013 and the rules made thereunder.

The remuneration to the Non-executive Directors (including Independent Directors) 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, in addition to the sitting fees for attending the meetings of the Board and any Committee thereof.

Policy review

This policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder. In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the policy as recommended by the Committee would be given for approval of the Board of Directors.

This Policy is approved on 30th May, 2015.