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Nomination, Remuneration and Evaluation Policy

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1. INTRODUCTION

This policy has been prepared pursuant to the provisions of Section 178 of the Companies Act, 2013 (the “Act”), as amended and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended require the Nomination and Remuneration Committee of a Company (“NRC”) to recommend to the Board of Directors a policy, relating to the appointment, removal and remuneration of the directors, key managerial personnel & other employees and lay down the evaluation criteria for performance evaluation of board, its committees and individual directors. Further, the Board of Directors is responsible for monitoring and reviewing of the Board Evaluation framework.

While formulating this policy, the NRC has considered the factors laid down under Section 178(4) of the Act, which are as under:

- *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;*
- *relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and*
- *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.*

2. DEFINITIONS

- (i) “**Act**” shall mean the Companies Act, 2013 and rules made thereunder, as amended from time to time.
- (ii) “**Board**” shall mean the board of directors of the Company.
- (iii) “**Company**” shall mean Rossari Biotech Limited.
- (iv) “**Committee**” shall mean Nomination and Remuneration Committee.
- (v) “**Executive Director**” means the Managing Director, Whole-time Director, as the case may be and includes Directors who are in the full time employment of the Company.
- (vi) “**Independent Director**” means a Director referred to in Section 149(6) of the Act.
- (vii) “**KMPs**” or “**Key Managerial Personnel**” shall have the same meaning as in Section 2 (51) of the Act.
- (viii) “**Listing Regulations**” shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- (ix) “**Nomination and Remuneration Committee**” shall mean the committee of the Board constituted, or reconstituted, as the case may be, in accordance with Section 178 of the Act and the Listing Regulations.
- (x) “**Policy**” shall mean this nomination and remuneration policy.
- (xi) “**SMPs**” or “**Senior Management Personnel**” shall mean officers/personnel of the Company who are members of its core management team excluding Board of Directors and shall comprise of all members of management one level below the chief executive officer/ managing director/ whole time director/ manager (including chief executive officer/ manager, in case they are not a part of the board) and shall specifically include company secretary and chief financial officer.
- (xii) “**Stock Exchange**” shall mean a recognised stock exchange on which the securities of the Company are listed.

The words and expressions used in this policy not defined herein above will have the same meaning as defined in the Act and Listing Regulations.

3. OBJECTIVE

This Policy is intended to achieve the following objectives:

- (i) To ensure compliance with Section 178 of the Act and provisions of Listing Regulations and any other applicable provisions.
- (ii) To formulate the criteria for determining qualifications, positive attributes, and independence of a Director.
- (iii) to lays down criteria for recommending the appointment and removal of Board Members (Independent Directors, Non-Executive Directors and Executive Directors) Key Managerial Personnel and Senior Management.
- (iv) To provide framework for remuneration of the Directors, Key Managerial Personnel Senior Management Personnel and other employees in alignment with the Company's business strategies, values, key priorities and goals.
- (v) To lay down the process for effective evaluation of performance of Board, its Committees and Individual Directors and review its implementation and compliance.
- (vi) To lay down approach for Board diversity.

4. CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES AND INDEPENDENCE OF DIRECTORS

The Committee shall identify:

- (i) Persons who possess adequate qualifications, expertise and experience for the position he / she is considered to be appointed. The person should have knowledge of at least one or more domain areas like, finance, law, management, sales, marketing, administration, research, governance, strategy, operations or other disciplines related to the Company's business.
- (ii) Persons who upholds ethical integrity, have a track record of acting objectively, shall have no adverse order(s) passed by any Regulatory body, should have a proven track-record of meeting professional obligations including a reputation to manage challenges.
- (iii) Persons who do not have any existing or potential conflict of interest that may conflict with the interests of the Company.
- (iv) Persons who are eligible to be appointed in accordance with the criteria laid down under the applicable provisions of Act and Listing Regulations
- (v) In the case of an Independent Director, a person who meets the requirements prescribed under the Act read with Schedule IV of the Act and provisions of the Listing Regulations.
- (vi) Any other criteria which may be added by the Board at its discretion.

5. CRITERIA FOR RECOMMENDING THE APPOINTMENT AND REMOVAL OF BOARD MEMBERS (INDEPENDENT DIRECTORS, NON-EXECUTIVE DIRECTORS AND EXECUTIVE DIRECTORS) KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

(i) Criteria for Appointment of Directors

The Committee shall be based on the criteria mentioned under clause 4 identify persons who are qualified to become Directors and recommend such persons 'candidates to the Board for appointment. Existing directors who continue to satisfy the criteria may also be considered by the Committee for re-appointment. Re-appointment of Directors shall be recommended by the Committee after taking into consideration the performance of such a Director.

An Independent Director shall hold office for a term upto 5 (five) consecutive years and will be eligible for re-appointment on passing of a special resolution by the Company and following the procedure under the Act / Listing Regulations.

No Independent Director shall hold office for more than 2 (two) consecutive terms of maximum 5 (five) years each. In the event the same person is to be appointed as an Independent Director after two consecutive terms of 2 (two) years, a cooling period of 3 (three) years is required to be fulfilled.

(ii) Criteria for Appointment of Key Managerial Personnel/ Senior Management Personnel

- The Company shall have well-defined and structured recruitment process for Key Managerial Personnel and Senior Management.
- Appointment of KMP and Senior Management Personnel shall be approved by the Board on prior recommendation of the Committee.
- Management considers various factors while evaluating a person for appointment as Senior Management Personnel including individual's background, business acumen, analytical abilities, competency, skills, abilities (viz. leadership, ability to exercise sound judgement), educational and professional background, personal accomplishment, age, relevant experience and understanding of related field viz. Marketing, technology, finance or such other discipline relevant to present and prospective operations of the Company.
- Appointee while continuing in his / her office shall not engage in any business or commercial activity, which might detrimentally conflict with the interest of the Company.
- KMP and SMP performance evaluation and appraisal shall be based on a well-defined framework.

(iii) Criteria for removal of Directors, Key Managerial Personnel and Senior Management Personnel

- Removal of directors, KMP or Senior Management may be warranted due to reasons such as disqualification prescribed under the applicable laws, performance, disciplinary reasons, involvement in frauds etc.
- Removal of any director can be recommended by NRC in consultation with the Chairman to the Board.
- The Committee shall ensure that any appointment or removal is carried out in compliance with the applicable provisions of law.

6. TERM OF EXECUTIVE DIRECTORS, NON-EXECUTIVE DIRECTORS, KMP AND SENIOR MANAGEMENT PERSONNEL

(i) Term of Executive Directors

The Company shall appoint or re-appoint Executive Directors for a term not exceeding 5 (five) years at a time. No re-appointment shall be made earlier than one-year before the expiry of term of the concerned Executive Director.

(ii) Term of Non-Executive Directors

The term of appointment of Non-executive Directors shall be governed by the provisions of the Act.

(iii) Term of Key Managerial Personnel and Senior Management Personnel

KMPs and SMPs shall retire as per the applicable provisions of the Act and the prevailing Company policy. The Board will have the discretion to retain Key Managerial Personnel and Senior Management in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company, subject to approvals as required under the Applicable Laws.

7. REMUNERATION TO DIRECTORS / KMP (NON-BOARD AND OTHER THAN SENIOR MANAGEMENT) / SENIOR MANAGEMENT AND OTHER EMPLOYEES

(i) Remuneration to Directors

▪ **Executive Directors**

Remuneration to the Executive Directors shall be governed by the provisions of the Act, Listing Regulations or any other enactment for the time being in force. Remuneration shall take into account the Company's Standalone and Consolidated performance, contribution of the Executive Directors for the same, remuneration trends in general, meeting of appropriate benchmarks (such as remuneration paid in like-size companies) and which will ensure and support a high-performance culture.

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) / Managing Director(s) in accordance with the provisions of Schedule V of the Act.

▪ **Non-Executive Directors**

The Non-Executive Directors and Independent Directors will receive sitting fees / commission as per the provisions of the Act and in compliance with the provisions of the Listing Regulations. Amount of the sitting fees will not exceed the ceiling / limit under the Act. An Independent Director will not be eligible to any stock option of the Company.

The Board of Directors will from time-to-time fix the sitting fees for attending the meetings of the Board and its Committees on the recommendations of the Committee.

In addition to the sitting fees and commission, the Company may pay to any director such fair and reasonable expenditure, as may have been incurred by the director, while performing his/ her role as a director of the Company. This could include reasonable expenditure incurred by the director for attending Board/ Board committee meetings, general meetings, court convened meetings, meetings with shareholders/ creditors/ management, site visits, induction and training (organized by the company for directors) and in obtaining professional advice from independent advisors in the furtherance of his/ her duties as a director.

If in any financial year the Company has no profits or its profits are inadequate, the Company shall pay remuneration to any non-executive director including independent director by way of remuneration any sum exclusive of any fees payable to directors under sub-section (5) to Section 197 of the Act, except in accordance with the provisions of Schedule V of the Act.

The remuneration payable to the directors (both Executive and non-executive directors) shall be inclusive of any remuneration payable for services rendered by such director in any other capacity unless:

- (a) Services rendered are of a professional nature; and
- (b) The Committee is of the opinion that the director possesses requisite qualification for the practice of the profession.

(ii) Remuneration to Key Managerial Personnel, Senior Management and Other Employees

- The Committee shall recommend to the Board, all remuneration, in whatever form, payable to of KMPs and SMPs, shall be decided by the Board.
- The Committee shall recommend to the Board, compensation and incentive based compensation as well as employees stock option scheme, employee stock option plan of Key Managerial Personnel, Senior Management and other employees of the Company based on their evaluation of performance. The Company may provide loan and advances to its employees as per its internal policy as amended from time to time.
- The Company HR Policy shall consider the criteria like industry practice, qualification, experience, merits, performance of each employee, Company performance etc.

8. PERFORMANCE EVALUATION OF BOARD, ITS COMMITTEES AND DIRECTORS

▪ Performance Evaluation

- (i) Review the pre-determined role of the Board collectively and individual directors in discharging duties as set by the Company from time to time.
- (ii) Annually assess how well directors are discharging their responsibilities, collectively by assessing the Board's effectiveness and individually by assessing the quality of a directors' contribution to general discussion, business proposals and governance responsibilities.
- (iii) Evaluation forms containing the parameters, criteria and performance indicators shall be circulated to all the Directors well in advance of the evaluation process.
- (iv) The evaluation framework shall broadly comprise of following:
 - (a) Evaluation of performance of Individual Directors and Chairman of the Company;
 - (b) Evaluation of performance and effectiveness of Committees of the Board; and
 - (c) Evaluation of the performance and effectiveness of the Board as a whole.
- (v) Summary and outcome of the evaluation shall be placed before the NRC and/or the Board, as may be applicable, for consideration and appropriate action, if any.
- (vi) The Board shall collectively discuss and review its overall performance during the year, including areas requiring improvement, effectiveness of governance practices, and any additional skills, expertise, training or development required for enhancing Board effectiveness in the ensuing year.
- (vii) The Board and the Committee may review the evaluation framework, process and criteria from time to time to ensure its effectiveness and compliance with applicable laws and governance standards.
- (viii) The Board may engage independent external consultants periodically to provide advice and assistance in the evaluation process.

▪ **Performance Evaluation Criteria's**

(i) Performance Evaluation of Board

The Board of the Company shall carry out an evaluation of its own performance on an annual basis. The Board should assess its own performance in relation to the Board's key responsibilities, which include:

- (i) meeting the business expectation and strategic planning;
- (ii) discharging the board's legal and ethical obligations;
- (iii) monitoring entity performance;
- (iv) monitoring and reviewing the performance of the chief executive; and
- (v) managing relationships with stakeholders.

(ii) Performance Evaluation of Board Committees

This is to ensure committees to which the Board has delegated responsibilities are performing efficiently and effectively in accordance with the duties and responsibilities set out in its terms of reference.

Each year, the Board shall assess the performance and effectiveness of each Committee, inter alia, on parameters such as its composition, adequacy of independence and expertise, frequency and conduct of meetings, quality and depth of deliberations and decisions, terms of reference, working process and applicable regulatory requirements.

The Board shall, as part of the overall evaluation process, review the effectiveness of each Committee and may recommend improvements in its functioning, composition, processes or areas of focus, wherever considered necessary.

(iii) Procedure for Performance Evaluation of Directors

The performance evaluation of individual Directors shall be carried out by the entire Board, excluding the Director being evaluated.

The evaluation process shall assess performance on both qualitative and quantitative parameters, as considered appropriate, taking into account the evaluation criteria specified in the evaluation forms, strategic objectives of the Company, and the roles, responsibilities and position of the Director concerned.

Performance of Executive and non-executive director (except the independent directors) shall also be carried out by the independent director, at the separate meeting. The Chairman of meeting of Independent Directors or one selected by independent Directors shall share outcome of their abovementioned evaluations with the Chairman of the Board.

9. BOARD DIVERSITY

- (i) The Company acknowledges the importance of diversity within the Board and the Committee is fully committed to ensure that a transparent board nomination process is in place, which is based on merit and that encourages diversity of thought, experience, background, knowledge, ethnicity, perspective, age and gender.
- (ii) The Company recognizes that gender diversity is a significant aspect of diversity and, acknowledges the role that a woman with the right skills and experience can play in divers perspective in the Boardroom.
- (iii) The Committee shall ensure that the Company has an appropriate blend of functional and industry expertise.
- (iv) The Committee shall monitor and periodically review the board diversity and recommend to the Board any changes, so as to improve one or more aspects of its diversity and measure progress accordingly.
- (v) The NRC shall review and evaluate Board composition to ensure that the Board and its Committees have the appropriate mix of skills, experience, independence and knowledge to ensure their continued effectiveness.

10. POLICY REVIEW AND AMENDMENTS

The Board and/or its Committees reserves the power to review and amend this Policy from time to time. All provisions of this Policy would be subject to revision / amendment in accordance with applicable law issued by relevant statutory, regulatory or governmental authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities are not consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder.
