

**PATEL CHEM SPECIALITIES LIMITED**

**CHARTER DOCUMENT OF NOMINATION AND REMUNERATION POLICY**

## 1. INTRODUCTION

The Nomination & Remuneration Policy (“Policy”) of **PATEL CHEM SPECIALITIES LIMITED** (“The Company”) is formulated in accordance with the provisions of Section 178 of the Companies Act, 2013 read with rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulation”) as amended from time to time.

The Board of Directors of the Company at its meeting held on 18<sup>th</sup> November, 2024 constituted the Remuneration Committee. The Board has delegated the responsibility to the Nomination and Remuneration Committee (“Committee”) to formulate the criteria for identification, selection of the candidates fit for the various positions in senior management and who are qualified to be appointed as director on the Board of Directors of the Company.

This Policy applies to Directors, Senior Management including Key Managerial Personnel (‘KMPs’) of the Company.

## 2. Objective

2.1. To define a framework for appointment and payment of remuneration to Directors and Senior Management Personnel including the Key Managerial Persons pursuant to the applicable provisions of the Companies Act, 2013 and the Listing Regulations..

2.2 To carry out evaluation of the performance of Directors, as well as Key Managerial Personnel and Senior Management Personnel.

## 3. Definitions

‘The Act’ means the Companies Act, 2013 and rules made thereunder, as amended from time to time.

‘The Board’ means Board of Directors of the Company.

‘Director’ means a Director appointed to the Board of the Company.

‘Independent Director’ means a Director referred to in Section 149(6) of the Companies Act, 2013 read with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

‘Key Managerial Personnel’ in relation to a Company means:

- The Managing Director / Joint Managing Director / Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- Chief Financial Officer;
- Company Secretary; and
- Such other officer(s), as may be prescribed

‘Nomination and Remuneration Committee’ or ‘Committee’ shall mean a Committee of the Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act and the Listing Regulations.

‘Policy’ means Nomination and Remuneration Policy of the Company.

‘Senior Management’ shall mean officers/personnel of the Company, who are members of its core management team excluding Board of Directors and this shall comprise all members of management

one level below the Chief Executive Officer/Managing Director/Whole-time Director (including Chief Executive Officer, in case he is not part of the Board) and shall also include the Company secretary and Chief financial officer of the Company.

#### **4. ROLE OF THE NOMINATION AND REMUNERATION COMMITTEE**

The terms of reference of the Committee will, inter-alia, include the following:

- a) To recommend appointment of a director and to formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a remuneration policy for Directors, Key Managerial Personnel (KMP) and other employees.
- b) Devise a policy on Board diversity.
- c) To review goals and objectives relevant to the compensation of the Executive Director.
- d) Evaluating Executive Director performance, determine and approve the compensation based on evaluation including annual increment and incentive remuneration after reviewing performance.
- e) Recommend to the Board, all remuneration in whatever form, payable to senior management.
- f) To formulate criteria for the evaluation of Board/ Committee / Individual member and support the Board in evaluation of the performance of the Board.
- g) To do all other acts as may be delegated by the Board of Directors of the Company or prescribed by law, from time to time.

#### **5. Appointment of Directors, KMPs and Other Senior Management personnel's**

Appointment of Directors, KMP and other Senior Management personnel is approved by the Board based on the recommendations of the Nomination and Remuneration Committee, and is subject to approval of Shareholders, wherever applicable.

Appointment to the Board of Directors, KMP and other Senior Management personnel is not only a regulatory process but also a crucial administrative requirement. Pursuant to the provisions of the Companies Act, 2013, the duties and responsibilities of a Director, KMP and other Senior Management personnel have increased and the Company shall appoint only those people who possess formal qualification, relevant experience, proven track record, integrity etc.

##### **5.1 Qualifications:**

Any person to be appointed as a Director, KMP and other Senior Management personnel of the Company shall possess appropriate skills, experience and knowledge in one or more fields of sciences, banking, business, finance, economics, law, management, sales, marketing, international business/ marketing, administration, research, corporate governance, technical operations, infrastructure, or such other areas or disciplines which are relevant to the Company's business.

Further, any Director who is proposed to be appointed as a member for the Audit Committee shall possess the following additional qualifications: He/ She should be financially literate which means

he/she possess the ability to read and understand basic financial statements i.e. Balance Sheet, Profit and Loss Account and Statement of Cash Flows.

A person will be considered to have accounting or related financial management expertise if he or she possesses experience in finance or accounting or requisite professional education in accounting or any other comparable experience or background which results in the individual's financial sophistication,

including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

## **5.2 Experience**

Any person to be appointed as a Director, KMP and other Senior Management personnel of the Company shall possess the relevant experience and shall be able to provide policy directions to the Company including directions on good corporate governance. The prior experience of being a CEO/ Executive Director of any other Company will be of added advantage.

Any person to be appointed in the Senior Management shall possess the relevant experience and shall have relevant or comparable experience or background of the industry in which the Company operates.

## **5.3 Positive attributes**

The person to be appointed as Director, KMP and other Senior Management personnel of the Company shall not only possess the relevant formal qualifications and experience but shall also possess attributes like integrity and proven track record and shall demonstrate commitment to the organization. For assessing integrity and suitability, features like sanctions applied by regulators or similar bodies, refusal of admission or expulsion from professional bodies, previous questionable business practices, criminal records etc. shall be considered.

Any person to be appointed as Director shall not possess the disqualifications contained in Section 164 of the Companies Act, 2013. Competencies like Strategic Orientation (including change orientation and foresight), effective Decision making, analytical skills, strong communication (openness, responsiveness, Listening skills), strong interpersonal interactions and result / achievement orientation) will be desirable.

## **5.4 Duties of Directors**

The following will be duties of Directors pursuant to the provisions of the Companies Act, 2013:

1. A person appointed as Director shall act in good faith in order to promote the objects of the Company for the benefit of its members as a whole and in the best interest of the Company, its employees, the shareholders, the community and for the protection of environment.
2. A person appointed as a Director shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
3. A person appointed as a Director shall not involve in a situation in which he may have a direct or indirect interest that conflict, or possibly may conflict, with the interest of the Company.
4. A person appointed as a Director shall not achieve or attempt to achieve any undue gain or advantage either to him (used gender neutrally) or to his (used gender neutrally) relatives, partners or associates and if such Director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the Company.
5. A person appointed as a Director shall not assign his office and any assignment so made shall be void.
6. Further, the Listing Regulations also lists down the key functions and responsibility of the Directors.

## **5.5 Criteria for independence**

No person shall be appointed as an Independent Director of the Company unless he fulfils the criteria laid down in Section 149 and other applicable provisions, if any of the Companies Act 2013 and Regulation 16 of Listing Regulations. A declaration shall be obtained to that effect from the

Independent Director at the time of appointment and at the beginning of every Financial Year. Such declaration shall be laid before the Board of Directors at the first meeting attended by the Director and at the first meeting of every financial year.

The person so appointed as an Independent Director is also required to adhere to the 'Code for Independent Directors' provided in Schedule IV of the Companies Act, 2013 which is a guide to professional conduct of independent directors.

#### **5.6 Applicability of Policies:**

All persons appointed as Directors, KMP and other Senior Management personnel of the Company shall ensure compliance with all the policies and regulations adopted by the Company in particular the Code of Conduct for Directors and Senior Management Personnel, the Code of Conduct for Prevention of Insider Trading, Whistle Blower Policy or any other policy as may be framed from time to time.

#### **5.7 Training:**

The Company shall provide suitable technical / professional or business training to the persons in Senior Management including Key Managerial Personnel as may be required.

**5.8 Familiarization program:** The Company shall provide suitable on-boarding to the independent directors with the Company operations, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company etc. through various programs and also conduct familiarization program as and whenever required.

**5.9 Evaluation:** The Nomination and Remuneration committee shall carry out the evaluation of the Board as the whole, its committee and individual Directors as per the provisions of the Companies Act, 2013 and the Listing Regulations.. The Board shall thereafter review the recommendation of the Nomination and Remuneration Committee. On the basis of the evaluation carried out, it shall be determined whether to extend the term of appointment of the Independent Directors

### **6. Remuneration to Director, KMPs and Senior Management Personnel:**

Remuneration of Directors and KMP shall be approved by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee, and shall be subject to approval of the Shareholders, wherever applicable. Remuneration of other employees may be decided by the management of the Company.

#### **6.1 Remuneration to Director:**

The remuneration policy strives to achieve the level and composition of remuneration which is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully. This Policy of the Company is performance driven and is structured to motivate employees, recognize their merits and achievements and promote excellence in their performance.

Appropriate performance benchmarks shall be set and a clear relationship shall be maintained between remuneration and performance.

Remuneration to executive Directors shall 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. As laid down further in the Companies Act, 2013, the following will be considered for remuneration to the Directors.

1. An Independent Director may be paid remuneration by way of sitting fee for attending meetings of the Board of Directors or any Committee of the Board of Directors as may be decided by the Board. Such Sitting fees shall not be reckoned for the purposes of the

percentage of remuneration. The Directors shall be entitled for reimbursement of any expenses incurred in connection with participation at the meetings of the Board of Directors or any Committee thereof.

2. An Independent Director shall not be eligible for any Stock option Scheme of the Company if any such scheme exists.
3. The maximum remuneration payable to any one Managing Director or wholetime Director or maximum overall remuneration payable to all Directors including Managing Director and Executive Directors will be within overall limit as define in the Companies Act, 2013. In case of no profits during any financial year or inadequate profits the Company shall comply with the provisions of Schedule V of the Companies Act, 2013.
4. The remuneration payable to the Non-executive Directors shall not exceed 1% of the Net Profits of the Company. However with the approval of the Company in a general meeting, the Non-executive Directors can be paid a remuneration exceeding 1% of the Net Profits.
5. The remuneration as payable above is inclusive of any remuneration payable to the Director for services rendered by him in any other capacity. However such remuneration shall not be so included if the services rendered are of a professional nature and in the opinion of the NRC, the Director possesses the requisite qualification for the practice of the said profession.
6. The premium paid by the Company for the Directors and Officers Liability Insurance Policy taken by the Company on behalf of its Directors for indemnifying them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust shall not be treated as a part of remuneration paid to the Directors.

The approval of the members in the general meeting shall be obtained wherever necessary.

#### **6.2 Remuneration to Senior Management including Key Managerial Personnel:**

The compensation and remuneration for the Senior Management including Key Managerial Personnel shall be as per the contract entered into by them with the Company and shall be decided according to the policies laid down by the Human Resources Department.

While laying down the policies for remuneration, the HRD shall take into account the relevant skill sets and experience of the individual as well as the market conditions prevailing at the time of appointment.

The remuneration paid to the Senior Management including Key Managerial Personnel shall be placed before the NRC. The premium paid by the Company for the Directors and officers Liability Insurance Policy taken by the Company on behalf of its Chief Financial Officer or Company Secretary for indemnifying them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust shall not be treated as a part of the remuneration.

### **7. Review of Policy**

The Nomination and Remuneration Committee may review the Policy from time to time and recommend necessary changes to the Board for approval, due to change in applicable laws or otherwise as may be required. However, amendments in the Act/other applicable laws shall be binding even if not incorporated in this Policy.

### **7. Composition of the Committee**

The Composition for the Committee is as follow:

<b>Sr. No.</b>	<b>Name of Committee Members</b>	<b>DIN</b>	<b>Designation in Committee Chairman / Member</b>	<b>Designation in the Company</b>
1	Krunal Patel	3574314	Chairman	Independent Director
2	Vaishakhi Shukla	9738364	Member	Independent Director
3	Ashish Tripathi	6594281	Member	Independent Director
4	Vini Patel	9127826	Member	NON-EXECUTIVE DIRECTOR