

ABH HEALTHCARE LIMITED

NOMINATION, REMUNERATION AND BOARD DIVERSITY POLICY

1. INTRODUCTION

This Nomination & Remuneration Policy (“Policy”) of the company is formulated under the Companies Act, 2013 (“Act”).

2. OBJECTIVE

This Policy is intended to achieve the following objectives:

- a) To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-executive including Independent Directors), Key Managerial Personnel and persons who may be appointed in senior management positions.
- b) To Identify persons who are qualified to become Directors and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- c) Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.
- d) To specifying the manner for effective evaluation of the performance of the members of the Board individually, Board as a whole and committees thereof and review its implementation and compliance.
- e) To evaluate the performance of the members of the Board individually, Board as a whole and committees thereof.
- f) To Formulate the criteria for determining qualifications, positive attributes and independence of a director and
- g) To recommend to the Board a policy relating to the remuneration of Directors, Key Managerial Personnel and other employees.

3. COMPOSITION OF NOMINATION AND REMUNERATION COMMITTEE

Pursuant to Section-178 of the Companies Act, 2013 the Board of Directors shall constitute a Nomination and Remuneration Committee (hereinafter referred to as Committee) consisting of three non-executive directors out of which not less than one half are Independent Directors.

4. SCOPE

This Policy does not cover temporary or contractual employees, trainees, apprentices, consultants engaged on a retainer basis or otherwise and casual labour.

This policy is applicable regarding the appointment and remuneration in case of :

- (a) Directors (Including Executive and Non-Executive Directors including Independent Directors);
- (b) Key Managerial Personnel;
- (c) Senior Management Personnel.

5. DEFINITIONS

a) **“Applicable Law”** includes any statute, law, regulation, ordinance, rule, judgment, order, decree, bye-law, clearance, directive, guideline, notification and clarification or other governmental instruction and/or mandatory standards as may be applicable to the Company from time to time.

b) **“Company”** means ABH Healthcare Limited.

c) **“Employee”** means any person who is in the permanent employment of the Company.

d) “Senior Management Personnel” means officers/personnel of the Company who are members of its Core Management Team (i.e. Management Council Members) excluding Board Members comprising 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 part of the board) and shall specifically include chief financial officer and company secretary (except administrative support staff/executive assistants), including the Functional Heads.

e) “Key Managerial Personnel” means:

- The Chief Executive Officer or the managing Director or the manager;
- The Company Secretary;
- The Whole Time Director;
- The Chief Financial Officer;
- Such other officer, not more than one level below the directors who is in whole time employment, designated as key managerial personnel by the Board and;
- Such other officer as may be prescribed.

6. APPLICABILITY OF PARTS

- a) Part I provides for criteria for appointment of Directors, Key Managerial Personnel, Senior Management Personnel and other employees;
- b) Part II deals with remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and other employees (parameters, components and limit).
- c) Part III deals with evaluation of performance of directors, board as a whole and committees thereof.

PART I: APPOINTMENT

GENERAL CRITERIA

- a) The Board shall comprise of optimum number of Directors as is necessary to effectively manage the affairs of the Company subject to a minimum of 3 and maximum of 15, the Board shall have an appropriate combination of Executive, Non-Executive, Independent and Women.
- b) The NRC shall be responsible for identifying suitable candidate for appointment as Director of the Company. While evaluating a person for appointment / re- appointment as Director, the Committee shall consider and evaluate number of factors including but not limited to background, knowledge, skills, abilities (ability to exercise sound judgments), professional experience and functional expertise, educational and professional background, personal accomplishment, age, experience, marketing, technology, finance and other disciplines relevant to the business etc. and such other factors that the Committee might consider relevant and applicable from time to time towards achieving a diverse Board.
- c) The proposed candidate shall possess appropriate expertise, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, medical science, pharmaceutical, corporate governance or such other areas related to the Company's business as determined by the NRC.
- d) During the term of the office, every director shall -
 - i. uphold ethical standards of integrity and probity;
 - ii. act objectively and constructively;
 - iii. exercise responsibilities in a bona-fide manner in the interest of the Company;
 - iv. shall be free from any disqualifications as stipulated under the Act as well as the Listing Regulations;
 - v. shall be able to devote sufficient time and efforts in discharge of duties and responsibilities effectively.

APPOINTMENT OF MANAGING DIRECTOR/ WHOLE-TIME DIRECTOR

The Board based on the recommendation of the NRC shall be responsible for identifying suitable candidate for the position of Managing Director/Whole-time Director.

The terms and conditions of the appointment shall be in accordance with the provisions of applicable Law.

APPOINTMENT OF INDEPENDENT DIRECTOR

While evaluating a person for appointment / re- appointment as an Independent Director, the Committee shall ensure that the proposed candidate satisfies the following additional criteria:

- Meet the baseline definition and criteria of “independence” as set out in section 149 of the Act, the Listing Regulations and other applicable laws.
- Should not hold any board / employment position with a competitor in the geographies where the Company is operating. However, the Board may in special circumstances waive this requirement.
- Has attained minimum age of 21 years.

An Independent Director shall be under the obligation to inform the Board of Directors of any change in circumstances which may affect his/her independence.

The re- appointment / extension of term of the Director shall be on the basis of their performance evaluation report.

APPOINTMENT OF KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL (NOT BEING A DIRECTOR)

- a) The Managing Director shall be responsible for identifying suitable candidate for the position of Key Managerial Personnel and other Senior Management Personnel;
- b) The appointment of Key Managerial Personnel and Senior Management Personnel shall be approved by the Board on recommendation of the NRC and the MD.

APPOINTMENT OF OTHER EMPLOYEES

The appointment of other employees shall be made on the basis of the experience, qualification, expertise of the individual as well as the roles and responsibilities required for the position and shall be approved by the Human Resource Department under the overall control of the MD.

REMOVAL OF DIRECTORS, KMP OR SENIOR MANAGEMENT PERSONNEL

- a) The removal of directors, KMP or senior management personnel may be warranted due to reasons such as disqualification prescribed under the applicable laws, performance, disciplinary reasons etc.
- b) The removal of any director can be recommended by NRC in consultation with the Chairman / Vice Chairperson to the Board. The removal shall be finally approved by the shareholders' basis recommendation of the Board.
- c) The removal of KMP and senior management personnel shall be approved by the Board basis recommendation of the NRC and MD.

PART II: REMUNERATION

BOARD MEMBERS

a) The overall limits of remuneration of the board members including executive board members (i.e. Managing Director, Whole-time director, executive directors etc.) are governed by the provisions of section 197 of the Act read with the Rules and Schedules made thereunder and shall be approved by the shareholders of the Company.

b) Within the overall limit approved by the shareholders, on the recommendation of the NRC, the Board shall determine the remuneration. The Board can determine different remuneration for different directors on the basis of their role, responsibilities, duties, time involvement etc.

c) While determining the remuneration to Directors, KMP, Senior Management Personnel and other employees, the following shall be ensured:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors, KMP, senior management and other employees of the quality required to run the Company successfully;
- Relationship of remuneration to performance is clear and meets appropriate benchmarks and;
- Remuneration to directors, KMP, senior management and other employees involves a balance of fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

REMUNERATION TO MANAGING DIRECTOR/WHOLE-TIME DIRECTOR

The shareholders shall approve maximum permissible amount which can be paid to the Managing Director / Whole-time Director. Within the overall limits approved by the shareholders, on the recommendation of the Nomination and Remuneration Committee, the Board shall have the authority to revise the remuneration from time to time.

REMUNERATION TO NON-EXECUTIVE DIRECTORS

Non-Executive Directors shall be entitled to sitting fees as per the ceiling/limits as provided under the Companies act, 2013 and the rules made thereunder or any other enactment for the time being in force.

The sitting fee shall be payable immediately after the board / board committee meeting to those directors who attend the meeting.

REMUNERATION TO KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES (NOT BEING A DIRECTOR)

The MD shall propose the remuneration for the KMPs and Senior Management Personnel to the NRC. The Board shall have the final authority to approve the remuneration based on recommendation of NRC.

The remuneration may include basic salary, allowances, perquisites, performance linked incentive, retirement benefits, joining / retention bonus, long-term or retention incentives, leave travel concessions, ex-gratia / one-time payments, medical benefits, housing / other loans at concessional rates, severance package or any other component / benefits.

PART III- EVALUATION OF PERFORMANCE OF DIRECTORS, BOARD AS A WHOLE AND COMMITTEES THEREOF

The committee shall review the performance of all directors and submit its observations with the chairman of the Board for necessary discussion and consequential action. The performance of Board and its various committee will be evaluated by the Committee. The performance shall be reviewed for every Financial Year either at the end of the year or beginning of the next year.

The Independent Directors shall annually:

- a) Review the performance of Non-Independent Directors and the Board as a whole and
- b) Review the performance of the chairperson of the company taking into account the views of all the Directors.

Committee may evaluate the Directors on following factors:

- a) Attendance at Board meetings and Board Committee meetings;
- b) Chairmanship of the Board and Board Committees;
- c) Contribution and deployment of knowledge and expertise at the Board and Committee meetings;
- d) Guidance and support provided to senior management personnel of the company outside the Board Meetings;
- e) Independence of behaviour and judgement;
- f) Impact and Influence

PART IV: BOARD DIVERSITY

A) The Company acknowledges the importance of diversity in its broadest sense in the Boardroom as a driver of Board effectiveness. Diversity encompasses diversity of perspective, experience, education, background, ethnicity and personal attributes. The Company recognizes that gender diversity is a significant aspect of diversity and acknowledges the role that woman with the right skills and experience can play in contributing to diversity of perspective in the Boardroom.

B) 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. In doing so, it will take into account diversity, including diversity of gender, amongst other relevant factors. The NRC will ensure that no person is discriminated against on grounds of religion, race, gender, pregnancy, childbirth or related medical conditions, national origin or ancestry, marital status, age, sexual orientation or any other personal or physical attribute which does not speak to such person's ability to perform as a Board member.

C) All appointments to the Board (as recommended by the NRC) shall be made on merit while taking into account suitability for the role, Board balance and composition, the required mix of skills, background and experience (including consideration of diversity and ethnicity). Other relevant matters such as independence and the ability to fulfil required time commitments in the case of Independent and Non-Executive Directors will also be taken into account.

D) The NRC shall monitor and periodically review the Board Diversity and recommend to the Board so as to improve one or more aspects of its diversity and measure progress accordingly

E) The Company will be able to ensure Board diversity if shareholders are able to judge for themselves whether the Board as constituted is adequately diverse. The Company shall continue to provide sufficient information to the shareholders about the qualifications, expertise and characteristics of each Board Member.

ADMINISTRATION, REVIEW AND AMENDMENT OF THE POLICY

The NRC shall monitor and periodically review the Policy and recommend the necessary changes to the Board for its approval.

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.
