

## **Remuneration Policy – Wockhardt Limited**

### **Preamble**

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the listing agreement as amended from time to time this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors.

### **Guiding principles**

The Remuneration Policy of Wockhardt Limited ("the Company") is designed to attract, motivate and retain manpower in a competitive and international market. This policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

The policy ensures that:

- the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure 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 working of the company and its goals

### **Effective Date**

This policy is effective from 1<sup>st</sup> April 2014

### **Scope of the Policy**

The Remuneration Policy applies to the Board of Directors, Company's Senior management, Key Managerial Personnel and other employees.

The policy is divided into three parts:

## PART - A

### MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE

The Committee shall:

- ✓ Formulate the criteria for determining qualifications, positive attributes and independence of a director
- ✓ Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- ✓ Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

## PART - B

### POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

#### • Appointment criteria and qualifications:

- ✓ The Committee shall identify and ascertain the integrity, qualification, expertise and experience and independence of the person for appointment as Director and recommend to the Board his / her appointment. Further, appointment, removal of directors shall be in accordance with the provisions of the Companies Act 2013 and Listing Agreement.
- ✓ The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as KMP or at Senior Management level (i.e President level and above) and recommend to the Board his / her appointment.
- ✓ A person 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.

#### **Board Diversity:**

The Board of the Company may consciously be drawn in a manner that at least one director from each of the following field is on the Board of the Company.

Pharmaceutical industry

Banking and finance

Legal and General Administration

Any other field as may be decided by the Nomination and Remuneration Committee of the Company.

## PART C

### POLICY FOR REMUNERATION OF DIRECTORS, KMP, SENIOR MANAGEMENT & OTHER EMPLOYEES

#### Executive Remuneration - Board of Directors

The remuneration of Executive Directors comprises of Basic Salary and Perquisites and allowances.

Perquisites and allowances comprises of following:

#### **I. Housing:**

Housing rent allowance, house maintenance allowances/expenses, reimbursement/payment of expenses or allowances for utilities such as gas, electricity, water, soft furnishing hard furnishing & repairs, helper allowance and security services.

#### **II. Medical Expenses:**

Reimbursement of actual medical expenses incurred in India and/or abroad, including hospitalization, nursing homes and surgical charges for himself & family including premium on medical insurance.

#### **III. Travel Concession/Assistance:**

Travel concession/assistance (domestic & overseas) in respect of himself and family

#### **IV. Club Fees:**

Reimbursement of membership fee for the clubs in India, including admission and life membership fee.

#### **V. Personal Accident Insurance:**

Personal Accident Insurance policy as per rules of the Company.

#### **VI. Contribution to Provident Fund, Superannuity Fund & Annuity Fund:**

Contribution to Provident Fund, Superannuity Fund & Annuity Fund, as per the rules of the Company.

#### **VII. Gratuity :**

Gratuity as per the rules of the Company

#### **VIII. Leave:**

Leave with full pay or encashment thereof, as per the rules of the Company

#### **IX. Conveyance Facilities:**

Company's car for personal and official purposes, maintenance, running & up keeping of a motor car including the salary & wages of a chauffeur

#### **X. Communication Facilities**

Telephone, Telefax & other communication facilities at residence.

#### **XI. Other Perquisites:**

Subject to overall ceiling on remuneration, Executive Directors may be given other allowances & expenses including expenses incurred for business of the Company and such other perquisites and allowances in accordance with the rules of the Company.

Contribution to Provident fund and superannuation fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961, gratuity payable at rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites or allowances.

The remuneration of Executive Directors should be recommended to the Board by NRC after considering the qualifications, experience, comparative remuneration packages of peers, company's position etc. The said remuneration has to be subsequently approved by the shareholders of the Company and approval of Central Government needs to be obtained in case the same is required pursuant to the provisions of Companies Act.

#### **Non-Executive Independent Directors - Remuneration**

The remuneration to Non-Executive Directors comprises of sitting fees and commission. The quantum of sitting fees to be paid to Non-executive Directors and meetings for which the same needs to be paid shall be determined by the Board. Further, the quantum of sitting fees should be in accordance with the provisions of Companies Act in force from time to time.

The payment of commission should be made in accordance with the provisions of Companies Act in force from time to time and shall depend upon performance of the Company and profitability.

Apart from above, Non-Executive Directors shall also be entitled to reimbursement of expenses incurred by you in connection with attending the Board meetings, Committee meetings, general meetings and in relation to the business of the Company towards hotel accommodation, travelling and other out-of-pocket expenses.

Pursuant to applicable law, Independent Directors shall not be entitled to any stock options.

## **Remuneration of Key Managerial Personal, Senior Management and Other employees**

Key Managerial Personnel means Company Secretary and Chief Financial Officer. One level below KMP means the level of President

Senior Management means officers of the company falling in the category of General Manager & above.

There are following cadres/grades for all employees:

- Middle Management
- Junior Management (includes Field Management)
- Sub-Management (includes Field Management)
- Staff
- Workmen

**The remuneration structure for the KMP, Senior Management and other employees is as under:**

The remuneration comprises of Base Salary and perquisites and allowances (Fixed Pay), and Variable pay (MARS/WEVA) depending upon the performance.

Perquisites and allowances comprises of combination of following:

- Housing Rent Allowance
- Special Allowance
- Leave Travel Assistance
- Medical Reimbursement
- Conveyance Allowance
- Car Allowance
- Management Appraisal and Reward Scheme (MARS) is a bi-annual performance based variable pay scheme applicable upto M3/R6/FM5 grades. It's a performance based which varies from 0 - 50 % of basic salary
- Wockhardt Economic Value Addition (WEVA) scheme is an annual performance based variable applicable to M4/R7 grades & above. WEVA is a combination of eWEVA (individual rating, tWEVA (SBU performance) and cWEVA (Corporate performance).

Non-Monetary Benefits - Company cars, mobile and bill reimbursement.

### **Other Benefits**

**Long Service Awards** - Loyalty / Belongingness to Company, to be achieved by aligning rewards and recognitions for longer association with of the employees with the organization and encouraging referrals as one of the sources of recruitment to strengthen the company workforce. Long service awards are given for all Associates who have completed 10, 15, 20, 25, 30 years of service.

**Working atmosphere at the workplace** - The Company is committed to provide good working atmosphere conducive to efficient and effective functioning of the employees with excellent culture and good inter-personal relationship with the organization as well as with external business associates.

**HR Policy - Female Employees** - Fair chance is given to males and females in employment and HR policy prefers to maintain the reasonable balance. It also provides requisite protection to female employees through effective implementation of HR policies to safeguard against sexual harassment.

Employee Referral Policy - Pehchaan

Group Personal Accident Policy

Group Medclaim Policy

Company Leased Accommodation

Travel Kit Policy

Education Subsidy

#### **Amendments/Modifications of the Remuneration Policy**

The remuneration policy shall be modified /revised with the consent of the Remuneration Committee and Board of Directors of the Company from time to time as required.

#### **Dissemination**

The Company's Remuneration Policy shall be disclosed in Board's Report.