



# **STRIDES' NOMINATION AND REMUNERATION POLICY**

*Last amended on: May 22, 2024*

## 1. Preamble

At Strides, we are committed to upholding the highest governance standards. As we navigate the ever-changing landscape of our industry, our core values remain a guiding light, reflecting who we are and how we work together. Our core values are Integrity, Competency and Efficiency (ICE).

Remuneration for Directors, Key Managerial Personnel, Senior Management Personnel and all other employees is based on the commitment of fostering a culture of Organizational Leadership aligned to the core values of the Company.

Strides' Nomination and Remuneration Policy ("**Policy**") is formulated by the Nomination and Remuneration Committee of the Company in line with the requirements of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

In case of any inconsistency between the provisions of law and this remuneration policy, the provisions of the Law shall prevail, and the Company shall abide by the applicable law.

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

- (a) 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;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) 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

- a) "**Act**" shall mean the Companies Act, 2013 read with the relevant Rules framed thereunder and amended from time to time.
- b) "**Board of Directors**" or "**Board**" shall mean the Board of Directors of the Company.
- c) "**Company**" shall mean Strides Pharma Science Limited.
- d) "**Director**" shall mean a Director of the Company.
- e) "**Independent Director**" shall mean a Director of the Company who satisfies the criteria for independence under Section 149 (6) of Companies Act, 2013 read with Regulation 16 (1) (b) of the Listing Regulations.
- f) "**Key Managerial Personnel (KMP)**" means KMP as defined under Section 2(51) of the Act read with Regulation 2(o) of the Listing Regulations.

- g) **“Listing Regulations”** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time.
- h) **“Committee”** shall mean the Nomination and Remuneration Committee constituted by the Board of Directors of the Company in accordance with Section 178 of the Act read with Regulation 19 of the Listing Regulations and includes the “Compensation Committee” as defined under The Securities and Exchange Board of India (Shared Based Employee Benefits and Sweat Equity) Regulations 2021, as amended from time to time.
- i) **“Senior Management Personnel” (SMP)** shall mean SMP as defined under Regulation 16(1)(d) of the Listing Regulations.

### **3. Objective of the Policy**

- a) To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for the Directors, KMP and SMP.
- b) To identify persons who are qualified to become Directors; and who may be appointed in Senior Management roles in accordance with this Policy and recommend to the Board their appointment/ re-appointment and retirement/ removal.
- c) To ensure the appointment of Directors aligns with the Board Skill Matrix & Board Diversity Policy of the Company.
- d) To review the overall compensation policy, service agreement and other employment conditions of Whole Time Directors, KMP, SMP and Other Employees.
- e) To establish and review succession plans of the Board of Directors of the Company, KMP, SMP and critical positions of the Company.
- f) To provide for rewards linked to effort, performance, dedication and achievement of Company’s targets by the employees in the form of ESOP grants and/ or any other incentive plans.
- g) To deal with other matters as the Board may refer to the Committee from time to time.

### **4. Appointment of Directors, KMP, SMP & Other Employees**

#### **4.1 Appointment of Directors - General Criteria**

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.

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 judgement), professional experience and functional

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expertise, educational and professional background, personal accomplishment, age, experience of pharma sector / industry, 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.

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.

During the term of the office, every director shall -

- a) uphold ethical standards of integrity and probity;
- b) act objectively and constructively;
- c) exercise responsibilities in a bona-fide manner in the interest of the Company;
- d) shall be free from any disqualifications as stipulated under the Act as well as the Listing Regulations;
- e) shall be able to devote sufficient time and efforts in discharge of duties and responsibilities effectively.

#### **4.2 Appointment of Managing Director/ Whole-Time Director**

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

Terms and conditions of the appointment shall be in accordance with the provisions of Act and Listing Regulations.

#### **4.3. 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 25 years and is not older than 70 years.
- Does not hold independent directorship in more than seven listed entities.
- Does not hold directorship in more than three listed entities if serving as a whole time director in any listed entity

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.

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

#### **4.4 Appointment of KMP & SMP**

Managing Director and Group Chief Executive Officer (“MD & CEO”) shall be responsible for identifying suitable candidate for the position of Key Managerial Personnel i.e., Chief Financial Officer, Company Secretary and other Senior Management Personnel.

While evaluating a candidate for appointment as Key Managerial Personnel or Senior Management Personnel factors such as, competence, integrity, qualifications, expertise, skills and experience shall be taken into consideration.

Appointment of Key Managerial Personnel and Senior Management Personnel shall be approved by the Board on recommendation of the NRC and the MD & CEO.

#### **4.5 Appointment of Other Employees**

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 & CEO.

### **5. Remuneration payable to Directors & to all other Employees**

Remuneration of Directors in general shall be in accordance with the provisions of the Act and Listing Regulations.

Remuneration of Executive Directors, KMP, SMP and all other employees of the Company shall be sufficient to attract and retain talented and qualified individuals suitable for the respective roles; and aligned to requisite regulatory requirements.

**a) Remuneration to Non-Executive Directors including Independent Directors (NEDs)**

NEDs are entitled to receive remuneration by way of Sitting Fees and/ or Commission, as per the provisions of the Act and Listing Regulations, subject to approval of shareholders, if any.

Further, within the parameters prescribed by law, the payment of sitting fees and commission shall be recommended by NRC and approved by the Board.

Aggregate Commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on Company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board.

NRC shall recommend to the Board the quantum of Commission for each director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and committee meetings, individual contributions at the meetings and contributions made by directors other than in meetings.

In addition to the sitting fees and commission, Company may reimburse 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.

**b) Remuneration to Executive Director & all other Employees**

Remuneration paid to Executive Directors and all other employees:

- a) shall be reasonable and sufficient to attract, retain and motivate them to be aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives);
- b) shall be reflective of size of the Company, complexity of the Company's operations and the Company's capacity to pay the remuneration; and
- c) Shall be consistent with recognized best practices.

**b.1) Composition of remuneration of Executive Directors (including Managing Director & Whole Time Directors)**

For Executive Directors (including Managing Director & Whole Time Directors) (ED), composition of remuneration shall be as per the contract approved by the shareholders, based on the recommendation of NRC & Board of Directors of the Company. In case of any change, the same would require approval of the shareholders.

Remuneration shall comprise of **Fixed Pay**, which is market competitive and driven by the role played by the Director; and **Variable Pay** (payout of which is linked to Company's overall business performance projected for the year and as agreed with NRC).

ED shall also be eligible of incentive for achievement of Long-term goals agreed with NRC and evaluated over the period of office of the Director. Quantum of payout shall be considered at the end of the tenure of the ED depending upon the achievement of pre-agreed goals, which shall be recommended by NRC and approved by the Board, which shall be further subject to Shareholders' approval, from time to time.

They are also eligible for benefits such as chauffer driven car for use on Company's business, one-club membership, reimbursement of expenses incurred for Strides' business-related matters and other benefits in line with Company's policy.

Basis the outcome of evaluation of ED's performance, increment in remuneration to ED shall be recommended by NRC to the Board, which shall be within the slabs approved by the shareholders of the Company. In case such revised remuneration exceeds the approved limit, the same would require approval of shareholders.

## **b.2 Composition of remuneration for all other Employees**

For all other Employees composition of remuneration shall be:

- Basic/ Fixed Salary to ensure that there is a steady income in line with their skills and experience.
- Performance linked bonus – which be driven by outcome of the performance appraisal process and performance of the Company.
- Company also provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimization, where possible.
- Company also provides all employees (including ED) with a social security net (subject to limits) by covering medical expenses and hospitalization through insurance cover (cashless/ reimbursement), accidental death/ injuries through Group accidental insurance policy and natural death through Group term life cover.
- The Company provides retirement benefits as applicable.
- Employees of the Company (other than members of promoter/ promoter group of the Company) shall also be eligible for grant of stock options, wherever deemed fit under the applicable employee stock option scheme of the Company, as may be decided by NRC from time to time.

### **KMP & SMP related payouts**

- Payouts related to KMP & SMP are recommended by MD/ Group CHRO to NRC at the time of appointment and during annual appraisal.
- Increment in remuneration and related payouts is based on evaluation of individual performance and company performance.
- Board shall have the final authority to approve the remuneration, based on recommendation of NRC.

**For all other employees**

- Increment in remuneration shall be basis the outcome of annual performance appraisal and as recommended by the Functional Heads.
- Group CHRO shall have the final authority to approve the remuneration, based on recommendation of Functional Heads.

**c) Directors' and Officers' Liability Insurance Policy of the Company**

All Directors & Officers of the Company shall be covered under the requisite Directors' and Officers' Liability Insurance Policy of the Company.

**d) Remuneration payable to Director for services rendered in any other capacity**

Remuneration payable to Directors shall be inclusive of any remuneration payable for services rendered by such director in any other capacity, unless:

- a) the services rendered are of professional nature; and
- b) NRC is of the opinion that the director possesses requisite qualification for the practice of the profession.

Which may be subject to shareholders approvals, if any.

**6. Retirement of Directors, KMP & SMP**

Company shall not appoint a person or continue the directorship of any person as a:

- Independent Director or Executive Directors who has not completed the age of 21 years;
- Managing Director or Whole-Time Director who has attained the age of 70 years;
- Non-Executive Director who has attained the age of 75 years.

However, with approval of the Shareholders by way of Special Resolution, the Company may appoint or continue the term of Executive Directors who has attained the age of 70 years and Non-Executive Director who has attained the age of 75 years.

Further, retirement age of KMP and SMP is 58 years and any extension at the discretion of the Company and as may be mutually agreed by the Company and KMP/ SMP may be provided subject to approval of the Committee.

**7. Removal of Directors & Termination of services of all other Employees**

**a. Removal of Directors**

- i) Removal of Directors shall be in line with the provisions of Section 169 of the Act and Rules made thereunder.



Further, pursuant to the provisions of Section 167 of the Act, office of a director shall become vacant in case:

- (a) he incurs any of the disqualifications specified in section 164;
- (b) he absents himself from all the meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board;
- (c) he acts in contravention of the provisions of section 184 relating to entering into contracts or arrangements in which he is directly or indirectly interested;
- (d) he fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested, in contravention of the provisions of section 184;
- (e) he becomes disqualified by an order of a court or the Tribunal;
- (f) he is convicted by a court of any offence, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months.
- (g) he is removed in pursuance of the provisions of this Act;
- (h) he, having been appointed as director by virtue of his holding any office or other employment in the holding, subsidiary or associate company, ceases to hold such office or other employment in that company.

In addition to the above, employment contract of Executive Directors is terminable by either party by giving advance notice of such period as stipulated in their contract.

**b. Termination of services of ED and other Employees**

Employment contract of other Employees is terminable by either party by giving advance notice of such period as stipulated in their appointment letter or agreed between the parties, as the case may be. Further for such termination, either of the party is not bound to give any reasons thereof.

An employee may also be terminated from her/ his position in circumstances when found guilty of misconduct or fraudulent, after appropriate inquiry.

Due to reasons for any disqualifications mentioned in the Act or Listing Regulations, the Committee may recommend to the Board with reasons recorded in writing, removal of Director, KMP or SMP, subject to compliance of the said Act and Listing Regulations.

**8. POLICY REVIEW**

The Policy shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments.

Further, the Company Secretary shall be severally authorized to amend the Policy, solely to give effect to any changes/ amendments notified by Ministry of Corporate Affairs or Securities and Exchange Board of India, which shall be further ratified by the Committee and the Board in the

immediate next quarterly Meeting, post the amendment(s) that may be made by the Company Secretary.

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**Version Control Sheet**

<b>Version Number</b>	<b>Date of Board Meeting</b>	<b>Remarks</b>
V1	Approved and adopted by the Board in its meeting held on May 23, 2014	In line with Companies Act, 2013
V2	Reviewed and adopted on December 17, 2015	In line with LODR
V3	Approved and adopted in the Board meeting held on January 29, 2019	Amended in line with SEBI (LODR) (Amendment) Regulations, 2018.
V4	Approved and adopted in the Board meeting held on January 30, 2020	Amended as part of Annual Review. <i>Provision relating to chairperson's office held by Non-Executive is inserted.</i>
V5	Approved and adopted in the Board Meeting held on August 5, 2020	Reference to previous name of the Company 'Strides Shasun Limited' is deleted
V6	Approved and adopted in the Board Meeting held on July 29, 2022	Amended as part of Annual Review and in line with amendments as statutorily mandated, including SEBI LODR, SEBI ESOP Regulations
V7	Approved and adopted in the Board Meeting held on May 22, 2024	Amended as part of Annual Review and in line with requirements of ESG parameters

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