



STRIDES PHARMA SCIENCE LIMITED

NOMINATION AND REMUNERATION POLICY

Last amended on: July 29, 2022

1. PREAMBLE

This Policy is framed by the Nomination and Remuneration Committee of the Company in line with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013 with regard to nomination and remuneration of the Board of Directors, Key Managerial Personnel and Senior Management Personnel.

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) **“Nomination and Remuneration Committee”** shall mean the 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 and 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 identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in Schedule I of this policy and recommend to the Board their appointment and removal.
- b) 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.
- c) To ensure the Board appointment process aligns with the Board Diversity Policy of the Company.

Last amended on: July 29, 2022

- d) To review the overall compensation policy, service agreement and other employment conditions of Whole Time Directors, KMP and SMP.
- e) To deal with other matters as the Board may refer to the Committee from time to time.

4. REMUNERATION PAYABLE TO BOARD MEMBERS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

The Company recognizes the competitive nature of the market and this requires the Company to provide competitive remuneration to its Directors and employees to ensure that we attract and retain efficient employees.

The remuneration of Whole-time directors/ Executive Directors, Key Managerial Personnel and Senior Management Personnel of the Company is decided based on the criteria stated in Schedule I of this policy and as per the recommendation of the Committee to the Board.

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

NEDs are paid remuneration by way of sitting fees for attending each Board and Audit Committee Meetings and re-imburement of expenses for participation in such meetings.

The Company pays sitting fees for attending meeting of the Board and Audit Committees to NEDs within the limits prescribed under the Act.

NEDs may receive remuneration by way of fees and/ or Commission, in line with Section 197 and Schedule V of the Act and as amended from time to time and subject to the approval of the Shareholders.

An Independent Director shall not be entitled to any stock option.

b) Remuneration to Whole-time Directors/ Managing Director/ Executive Directors (collectively referred as Executive Directors)

Remuneration payable to Executive Directors shall be determined by the Committee based on the integrity, qualification, expertise and experience of such Director and recommended to the Board for approval.

The remuneration payable to Executive Directors is further subject the provisions of the Act and approval of Shareholders.

If an Executive Director draws or receives any remuneration, directly or indirectly, in excess of the limit prescribed by the Act or without approval as required under the Act, he shall refund such sums to the Company, within two years. Until such sum is refunded to the Company, the Director shall hold such excess remuneration in trust for the Company. Any waiver of the above shall be with approval of the shareholders through a special resolution.

d) Non-Executive Chairperson of the Board

As provided in the Listing Regulations, a Non-Executive Chairperson of the Company, if appointed by the Company shall be entitled to maintain a Chairperson's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his/ her duties.

e) Remuneration to Key Managerial Personnel and Senior Management Personnel

Remuneration to KMP and SMP comprises of fixed pay, variable pay and performance linked payouts. They are also entitled to ESOPs as may be determined by the Nomination and Remuneration Committee.

i) Fixed Pay

KMPs and SMPs shall receive their fixed pay on a monthly basis.

The total fixed pay shall include both monthly compensation and guaranteed benefits, viz., employer's contribution to retirement funds i.e. provident fund, etc.

This shall be fixed during hiring the incumbent and subsequent increments shall be based on performance ratings, initiatives and concurrence of the Committee and the Board of Directors.

ii) Variable Pay and Performance Linked Payouts

Performance Incentive is a variable pay.

These rewards are based on individual's, business unit's or Company's performance including related pre-defined targets. Performance is measured over a 12 months' period.

e) Employee Stock Options

The Committee may grant employee stock options to the Executive Directors (other than Promoter Directors), Non-Executive Directors (other than Promoter Directors and Independent Directors), identified KMP and SMP and other employees of the Company, its Subsidiaries or Associates under the various ESOP schemes of the Company, drafted in line with the Securities and Exchange Board of India (Shared Based Employee Benefits and Sweat Equity) Regulations 2021, as may be amended from time to time and as approved by the Board and shareholders of the company.

5. RETIREMENT OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL

The 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 as 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.

Last amended on: July 29, 2022

Further, the 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 the approval of the Committee.

6. REMOVAL OF BOARD MEMBERS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL

- 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.

ii) Termination of services of KMP and SMP (who are Non-Board Members)

Employment contract of KMP/ SMP 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.

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

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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Schedule 1

Criteria for appointment, related remuneration for Directors, Key Managerial Personnel and Senior Management Personnel of the Company

- At the time of selection of a Director, KMP and SMP, the Company must examine the integrity of the person and possession of relevant expertise, positive attributes, qualifications and experience.
- In case of appointment of Independent Director, the Company must observe the pecuniary relationship of such Director and their relatives with the promoters and group companies including the criteria of independence and other conditions as prescribed under the Act and Listing Regulations.
- For the purpose of appointing an Independent Director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. Further, the person recommended to the Board for appointment as an Independent Director should have the capabilities identified in such description and his time commitments should also be considered, alongside time commitments of the identified individual towards the Company.
- The level and composition of remuneration for Executive Directors and SMP shall be recommended while ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Executive Directors, KMP and SMPs of the quality required to run the company successfully.
- Remuneration of Directors, KMP and SMP 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.
