



# **STRIDES PHARMA SCIENCE LIMITED**

## **NOMINATION AND REMUNERATION POLICY**

## 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 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 (formerly Strides Shasun 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 of Companies Act, 2013 read with Regulation 16 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/ Committee”** means 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.
- i) **“Senior Management Personnel” (SMP)** shall mean personnel of the Company who are members of its core management team and one level below the Board, excluding board of directors.

## 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.
- 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**

Non-Executive Directors are paid remuneration by way of sitting fees for attending Board and Audit Committee Meetings.

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

Commission, if any, may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% p.a. of the profits of the Company (computed in accordance with the Act).

An Independent Director shall not be entitled to any stock option and may receive remuneration by way of fees provided under Section 197 of the Act, re-imbursalment of expenses for participation in the Board and other meetings and profit related commission, if any, as may be approved by the members of the Company.

##### **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.

Further, if the Company has no profits or inadequate profits in any financial year, remuneration paid to its Executive Directors shall be in accordance with the provisions of Schedule V of the Act.

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 or such lesser period as may be allowed by the Company. Until such sum is refunded to the Company, the Director shall hold such excess remuneration in trust for the Company.

Further, the Company shall not waive the recovery of any sum refundable as above unless approved by the Members of Company by way of special resolution within two years from the date the of such sum becomes refundable.

**d) Remuneration to Key Managerial Personnel and Senior Management Personnel**

Remuneration to KMP and SMP comprises of fixed pay and variable pay components in the form of Long Term Incentive Plan or Strides Leadership Incentive Component.

**i) Fixed Pay**

KMPs and SMPs receive guaranteed portion of their total package on a monthly basis.

The total package includes both monthly compensation and guaranteed benefits such as employer's contribution to retirement funds i.e. provident fund.

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

**ii) Variable Pay**

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.

The various forms of variable pay are as under:

- Strides Leadership Incentive Component (SLIC): is a variable pay which carries 50% weightage on individual's weighted average score in the Balance Score Card and 50% on the company performance. A combination of these factors is used to arrive at the percentage to be paid out to each individual.
- Long Term Incentive Plan (LTIP): Long Term Incentive Plan is a performance linked incentive which is paid based on achievement of Strategic Goals and the Balance Score Card weighted average score.

**e) Employee Stock Options**

The Committee may grant employee stock options to the Executive Directors (other than Promoter Directors), identified KMP and SMP under the various ESOP schemes.

**5. COST MANAGEMENT**

The Finance department in conjunction with Human Resource department should manage remuneration costs within budgetary constraints, while ensuring the remuneration levels of competent, exceptional performers and key employees are positioned competitively against the market.

**6. 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 Members 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.

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.

**7. 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) Removal of KMP and SMP (who are not Board Members)**

A KMP or SMP can be dismissed from her/ his position in circumstances when found guilty of misconduct or fraudulent, after appropriate enquiry.

**8. POLICY REVIEW**

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

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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.
- The level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate Directors, KMP and SMP 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.

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