

**POLICY DOCUMENT ON
NOMINATION & REMUNERATION OF DIRECTORS
& KEY MANAGERIAL PERSONNELS'**

Nomination & Remuneration Committee



BIODEAL PHARMACEUTICALS LIMITED

(formerly known as Biodeal Pharmaceuticals Private Limited)
(Published on January 31, 2023)

**Reg. Off.: Village Saini Majra, Nalagarh – Ropar Road, Nalagarh – 174101, Distt.
Solan (H.P.) India**

**Corp. off.: Unit No. 007, Lower Tower – A, Floor S2, Urbtech Trade Centre, Plot
No.: 35B, Sector – 132, Noida - 201305**

Phone No. 0120 - 6025048

Email: info@biodealpharma.com

Corporate Identity Number: U00304HP2005PLC029451

Website: www.biodealpharma.com

NOMINATION AND REMUNERATION POLICY

Preamble

The Policy for Remuneration of Directors, Key Managerial Personnel ("KMP") and all other employees ("Remuneration Policy") of Biodeal Pharmaceuticals Limited ("Company") is based on the commitment demonstrated by the Directors, KMPs and other employees towards the Company and truly fostering a culture of leadership with trust.

This Remuneration Policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 ("Companies Act). In case of any inconsistency between the provisions of law and this Remuneration Policy, the provisions of the above stated law shall prevail, and the Company shall abide by the applicable law. While formulating this Remuneration Policy, the Nomination and Remuneration Committee ("NRC") has considered the factors laid down under Section 178(4) of the Companies Act, which are as under:

1. 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;
2. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
3. remuneration to Directors, KMP 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.

This Remuneration Policy is effective from the date of its approval by the Board of Directors.

Remuneration For Independent Directors and Non-Independent Non-Executive Directors

Overall remuneration should be reflective of the size of the Company, complexity of the sector/industry/company's operations and the Company's capacity to pay the remuneration.

Independent Directors ("ID") and Non-Independent Non-Executive Directors ("NED") may be paid sitting fees (for attending the meetings of the Board and of Committees of which they may be members) and commission within regulatory limits. Quantum of sitting fees may be subject to review on a periodic basis, as required.

Within the parameters prescribed by law, the payment of sitting fees/commission/remuneration will be recommended by the NRC based on experience, qualifications, professional background and Roles etc and will be approved by the Board.

Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives).

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

The remuneration payable by the Company to NEDs shall be subject to the conditions specified in the Companies Act including in terms of monetary limits, approval requirements and disclosure requirements.

The NRC will recommend to the Board, if required, 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, the Company may pay 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 (organised by the Company for Directors) and in obtaining professional advice from independent advisors in the furtherance of his/her duties as a Director and also depending upon his / her Role / experience / professional background and other such reasons.

REMUNERATION FOR MANAGING DIRECTOR/ EXECUTIVE DIRECTORS / KMPS / REST OF THE EMPLOYEES

The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role.

Hence remuneration should be:

1. Market competitive (market for every role is defined as companies from which the Company attracts talent or companies to which the Company loses talent);
2. Based on the role played by the individual in managing the Company including responding to the challenges faced by the Company;
3. Reflective of size of the Company, complexity of the sector/ industry/Company's operations and the Company's capacity to pay;
4. Consistent with recognised best practices;
5. Aligned to any regulatory requirements; and
6. In terms of remuneration mix:
 - i. The remuneration mix for the Managing Director ("MD") / Executive Directors ("ED") is as per the contract approved by the shareholders. In case of any change, the same would require the approval of the shareholders.
 - ii. Basic/fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience.
 - iii. In addition to the basic/fixed salary, the Company may provide employees with certain perquisites, allowances, and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimisation, where possible. The Company may also provide all employees with a social security net (subject to limits) by covering medical expenses and hospitalisation through reimbursements or insurance cover.
 - iv. In addition to the basic/fixed salary, benefits, perquisites and allowances as provided above, the Company may provide MD/ EDs such remuneration by way of bonus/ performance linked incentive and/ or commission calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board, subject to the overall ceilings stipulated in Section 197 of the Companies Act. The specific

amount payable to the MD/ EDs would be based on performance as evaluated by the Board or the NRC and approved by the Board.

- v. The Company may provide the rest of the employees a performance linked bonus and/or performance linked incentive and/or long-term incentive as applicable.

The performance linked bonus/performance linked incentive would be driven by the outcome of the performance appraisal process and the performance of the Company.

Remuneration payable to director for services rendered in other capacity

The remuneration payable to the directors shall be inclusive of any remuneration payable for services rendered by such Director in any other capacity unless:

1. The services rendered are of a professional nature; and
2. The NRC is of the opinion that the Director possesses requisite qualification for the practice of the profession.

Committee members interest

A member of the Nomination and Remuneration Committee is not entitled to participate in the discussions when his/her own remuneration is discussed at a meeting or when his/her performance is being evaluated.

The Nomination and Remuneration Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Nomination and Remuneration Committee.

Premium on insurance policy

Where any insurance is taken by the Company on behalf of its NEDs, for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration.

Where any insurance is taken by the Company on behalf of its MD/ EDs, KMPs and any other employees for indemnifying them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company, the premium paid on such insurance shall not be treated as part of the remuneration. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

REMOVAL

The Committee may recommend with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel, subject to the provisions and compliance of the Companies Act read with the Policy of the Company.

RETIREMENT

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act read with the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP or Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company after taking the appropriate approvals.

CRITERIA FOR IDENTIFICATION OF PERSONS FOR APPOINTMENT AS DIRECTORS AND IN SENIOR MANAGEMENT

In accordance with the provisions of Companies Act read with rules, the NRC is required to formulate the criteria for determining qualifications, positive attributes and independence of a director. The criteria adopted by the Nomination and Remuneration Committee for the aforesaid purpose are as under:

- He / She should possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.
- Such qualifications as may be prescribed under the Companies Act read with Listing Regulations.

Remuneration Policy implementation

The NRC is responsible for recommending the Remuneration Policy to the Board. The Board is responsible for approving and overseeing implementation of the Remuneration Policy.

Review of the Remuneration Policy

This Remuneration Policy will be reviewed and reassessed by the NRC as and when required and appropriate recommendations shall be made to the Board to update this Remuneration Policy based on changes that may be brought about due to any regulatory amendments or otherwise.

