

**CAPLIN POINT LABORATORIES LIMITED NOMINATION AND
REMUNERATION POLICY**

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1) PURPOSE OF THE POLICY

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

This policy is pursuant to Section 178(4) of the Companies Act, 2013 and regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") as amended from time to time. The selection of Directors, remuneration criteria, and significant terms of employment for Directors, Key Managerial Personnel, Senior Management Personnel, of Caplin Point Laboratories Limited ("CPL" or "the company") are defined in this Policy.

All words and expressions used in this Policy shall have the same meaning as defined in the SEBI Act, 1992, the Regulations and the Companies Act, 2013 and Rules made thereunder including any statutory modification or re-enactment thereto, as the case may be.

2) OBJECTIVE OF THE COMMITTEE

- To provide direction to the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management Personnel.
- To specify the manner of evaluation of Board, its committees and individual directors
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management Personnel.

This Policy is divided in two parts:

- Part - A : Charter of the Nomination and Remuneration Committee
Part - B : Appointment, evaluation and removal of Director, KMP and Senior Management
Part - C : Remuneration and perquisites

PART - A

CHARTER OF THE NOMINATION AND REMUNERATION COMMITTEE (NRC)

The following is the charter of the NRC as prescribed by SEBI Regulations:

- i. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

- ii. Evaluating the balance of skills, knowledge and experience required on the Board. Based on this evaluation, the Committee shall prepare a description of the role and capabilities required of an Independent Director. The person recommended by the Committee to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - a. use the services of external agencies, if required;
 - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c. consider the time commitments of the candidates.
- iii. Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- iv. Devising a policy on diversity of board of directors;
- v. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
- vi. Recommend whether to extend or continue the term of appointment of an independent director, on the basis of the report of performance evaluation of independent directors;
- vii. Recommend to the board, all remuneration, in whatever form, payable to senior management.

PART - B

APPOINTMENT, EVALUATION AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

i. Skills and Experience for Directors, Chief Financial Officer and Company Secretary:

The candidate (Directors and KMP's) shall have appropriate skills and experience in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, pharmaceuticals or any other discipline related to the Company's business. In addition to the above the Company Secretary shall possess such qualifications as mentioned in the Statute.

ii. Age Limit

	Lower Limit	Upper Limit	Remarks
Executive Directors	21	70	Upper Limit can be extended by obtaining shareholders' approval, in the manner prescribed by Law, wherein the explanatory statement annexed to the notice for such motion should justify the appointment or extension of appointment as the case may be
Non-Executive Directors	21	75	

iii. Term / Tenure

a) Managing Director/Whole-time Director

The Company shall appoint or re-appoint any person as its Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director

An Independent Director shall hold office for a two consecutive terms of five years on the Board of the Company. The Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. However, during the said period of three years, the Independent Director should not be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

iv. Shareholders' approval

c) Executive Directors, Manager and Non-Executive Non- Independent Director

Shareholders' approval for appointment or re-appointment of a person on the Board of Directors or as a Manager should be taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier

The appointment or re-appointment of a person, including as a managing director or a whole-time director or a manager, who was earlier rejected by the shareholders at a general meeting shall be done only with the prior approval of the shareholders with a detailed explanation and justification by the NRC and the Board of directors for recommending such a person for appointment or re-appointment as the case may be

d) Independent Directors

The appointment re-appointment or removal of an independent director shall be subject to the approval of shareholders by way of a special resolution.

However, if a resolution to appoint an independent director does not receive the requisite majority of votes but votes cast in favour of the resolution are more than against it, and majority of public shareholders vote in favour of the resolution than against it, then the appointment of that independent director shall be deemed to have been made.

v. Selection criteria for senior management

Senior Management for the purpose of this policy shall mean personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Those engaged to perform Senior Management roles should have appropriate qualifications, skills and experience for discharging the role. Their appointment shall be

recommended by the NRC. The qualifications, skills and experience of each such position shall be defined in the Job Description, which will be maintained by the HR function. The Job Description for Senior Management personnel shall be approved by the whole-time director/ managing director of the company, if any, or, in their absence, by any one of the directors of the Company taking into consideration the roles and responsibilities expected out of the position and the business requirements.

vi. Performance Evaluation

The performance evaluation process comprises of three components:

- Evaluation of the Board as a whole and its Committees
- Evaluation of the Individual Directors (including the Independent Directors)
- Evaluation of the Chairperson of the Board and Committees

The evaluation is conducted through self-evaluation forms contained in the Annexure. The outcome of evaluation of Individual Directors shall be communicated by the Chairman to the respective Directors while the evaluation of Board and Committee effectiveness shall be reviewed by the Board/ respective Committees:

vii. Removal

- a) Due to reasons of any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations
- b) The Committee may recommend to the Board the removal of any KMP and/ or Senior Management Personnel based on the recommendations of the Whole-Time Director, Managing Director or Chief Executive Officer of the Company on the basis of performance evaluation of such KMP and/ or Senior Management Personnel or any other factor the Whole-Time Director, Managing Director or Chief Executive Officer of the Company deems fit.

viii. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The NRC will have the discretion to recommend the retention of any Director or KMP even after attaining the retirement age, For Senior Management Personnel, the decision to retain shall be taken by the Whole-Time Director, Managing Director or Chief Executive Officer of the Company.

PART - C

POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

i. Remuneration for Directors, KMP and Senior Management Personnel

- a) The guiding principle is that the remuneration and the other terms of employment shall be competitive in order to ensure that the Company can attract and retain competent Executives.
- b) The remuneration policy for executives reflects the overriding remuneration philosophy and principles of the Company. When determining the remuneration policy and arrangements for Directors/ KMP's, the Nomination & Remuneration Committee considers pay and employment conditions with peers / elsewhere in the competitive market to ensure that pay structures are appropriately aligned and that levels of remuneration remain appropriate in this context.
- c) With respect to Senior Management Personnel, the Remuneration Package shall be fixed based on the recommendation of the Human Resources department based on internal parity and market conditions for the said Senior Management role. However, the Committee shall ensure that the remuneration is reasonable and sufficient to attract, retain and motivate the person to ensure the quality required for the concerned Senior Management position.
- d) All Non-executive directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings and commission as detailed hereunder: -
- sitting fees for each meeting of the Board or Committee of the Board attended by him of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and the Rules notified thereunder;
 - Director's Commission of such percentage of net profits as may be permitted under the Companies Act as may be recommended by the NRC and approved by the Board, either to be paid on an annual basis or on a monthly basis. The Committee shall take into consideration factors like attendance, participation and contribution during meetings and such other parameters the Committee may deem fit for the purpose of deciding the quantum of commission to be paid to each Non- Executive Director.
- e) Remuneration of the Managing Director/ Whole Time Director may be fixed in accordance with the provisions of SEBI LODR Regulations, Companies Act, 2013 and

Rules made thereunder, subject to approval of the Committee/ Board and Shareholders, as the case may be.

- f) Non-executive Directors may be compensated for services rendered which are professional in nature and in the opinion of the Committee such Director possesses requisite qualification for the practice of the profession. However, this shall not apply for an Independent Directors.
- g) The Committee shall take into account all other provisions of the Regulations and Companies Act, 2013 and Rules notified thereunder before recommending any remuneration proposal/ revision for all the Directors.

ii. Employee Stock Option Plans (ESOP)

- a) The Company extends ESOPs to the employees of the Company and its subsidiaries. ESOPs shall be granted to the employees of the Company based on the recommendation of the whole-time director/ managing director of the company, if any, or, in their absence, by any one of the directors of the Company. In case where the employee belongs to subsidiary recommendation shall made by the whole-time director/ managing director of the respective subsidiary. Thereafter the list of employees who are eligible for grant of options shall be placed before the Nomination and Remuneration Committee for its approval. Any changes subsequent to the grant of the stock options shall be also done on the basis mentioned above.
- b) The vesting schedule, exercise price, allotment of shares on exercise of options and other terms and conditions shall be dealt by the Committee.

3) POLICY REVIEW

This policy shall be reviewed by the Nomination and Remuneration Committee as and when changes needs to be incorporated in the policy due to changes in regulations or as may be felt appropriate by the Committee.

ANNEXURE-1

A) Criteria for evaluation of the Board as a whole

Areas	Performance Parameters
Strategy	Board effectively provides strategic direction to the Company
	Board ensures that the corporate goals, objectives and overall operating and financial plans are aligned to achieve the strategy.
Performance Management and Succession Plans	Board provides effective direction on key decisions impacting the performance of the Company
	Board effectively monitors the performance of the Senior management with respect to business plan, strategies etc
	Board has devised succession plan for Chairperson, Directors and CEO etc., and reviews the existing succession plans and advises appropriate changes
Execution, Investments, M&A and Financial Controls	Board advises on business investments and Financial Strategies including M & A's to benefit company growth and profitability
	Board ensures the integrity of financial reporting systems
	Board reviews the Financial and Operational Controls of the Company
Talent Management	The Board effectively mentors the senior members of the Company and assists the leadership whenever required
Risk Management	Board effectively reviews the risk management framework in the company and provides appropriate direction for corrective actions, where necessary.
Core Governance & Compliance	Board ensures that the organization is compliant to the laws of the land
	Board ensures the effectiveness of the Company's Governance practices and recommends changes where needed
	Board ensures effective management of conflict of interest and upholds the Code of Conduct and Business Ethics
	Board ensures that the norms of Corporate Governance are followed by the Organisation in letter and spirit
Review of Information	The Board reviews all the information that are mandated by law and is required to perform its Duties. It actively provides guidance with respect to improvements in information presented to it
Monitoring of Committees	The Board effectively monitors the functioning of its Committees and exercises appropriate oversight
Overall	Overall Board Meeting is held in an open and objective manner where there is adequate opportunity for members to share their views.

B) Criteria of evaluation of the Committees of the Board

Areas	Performance Parameters
Functions and Duties	Committees of the Board are appropriately constituted
	Terms of reference of all the committees are appropriate with clearly defined roles and responsibilities
	Observance to the Terms of Reference is ensured by the Committees
	Committees regularly reviews the terms of reference (at least once in three years) and performance viz-a-viz terms of reference (at least annually)
	Committee understands the critical issues affecting the Company in the light of terms of reference
	Committee stays abreast of trends impacting the Company in the light of terms of reference
	Makes appropriate recommendation to the Board for taking decisions within the terms of reference and ensures the decisions are implemented
	Takes Effective and Proactive Measures to perform its function
Management Relations	Adequate independence of the Committees are ensured from the Board
	Committee meetings are conducted in a manner that encourages open communication and meaningful participation of its members
Support to the Committee in Conducting the Meetings	Committee meetings have been organized properly and appropriate procedures were followed in this regard
	The frequency of the Committee meetings are adequate
Overall	Overall Meeting is held in an open and objective manner where there is adequate opportunity for members to share their views.

C) Criteria of evaluation of Directors

Areas	Performance Parameters
General	Attends Board Meetings Regularly
	Comes well prepared for the Board Meetings and participates actively, consistently and effectively
	Communicates opinions and concerns in a persuasive yet clear and concise manner
	Uses Independent judgement in relation to decision making

	Raises appropriate issues at meetings and asking the appropriate questions for clarity
	Insists on receiving information necessary for decision making to all the directors
	Abides by the Code of Conduct and Business Ethics applicable to the Company and submits all declarations on time
	Benefits the organization through personal and professional contacts
Strategic and Functional	Understands the vision and mission of the company, strategic plan and key issues
	Staying abreast of issues, trends and risks (including opportunities and competitive factors) affecting the company, and using this information to assess and guide the company's performance
	Keeps abreast with the changes in the external environment and takes advantage of opportunity to upgrade skills by regularly attending professional development programmes
	Prompts board discussion on strategic issues
	Brings relevant experience to the Board and uses it effectively
	Understands the distinction between the board's policy role and management's implementation / operational role
Ethics and Values	Acts independent of any stakeholder group or entity connected with the Business
	Manages the conflicts in the best interests of the Company
	Conducts himself/herself in a manner that is consistent with the laws of the land
	Maintains confidentiality wherever required
Team Player	Seeks to establish and maintain good personal relations with their co-director and management
	Shares information willingly and invites others opinion on such information
	Listens attentively to the contribution of others
	Maintains objectivity in the face of difficult decisions
	Communicates in an open and constructive manner
Self-Development	Actively participates in self-development programs which will enable playing an effective Board role
	Is open to feedback about performance
	Maintains independence from the management and other non-independent Directors

Additional Parameters for Independent Directors	Adherence to the Code of Conduct for Independent Directors and prompt disclosure of any situations that may impact the independence
	Ensures objectivity is maintained and avoids situations which could impact such objectivity

Rating scale of 1 to 5 (1 being lowest and 5 being highest)

1. Un-satisfactory
2. Below expectations
3. Meets expectations
4. Exceeds expectations
5. Exemplary

Last Updated on 27 th May 2023
