

NOMINATION AND REMUNERATION POLICY

Reviewed on and Effective February 12, 2025

INTRODUCTION:

The Company, Vineet Laboratories Limited, considers human resources as its invaluable assets. This policy on nomination and remuneration of Directors, Key Managerial Personnel (KMPs), Senior Management and other employees has been formulated in terms of the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any Rules made thereunder in order to pay equitable remuneration to the Directors, KMPs, Senior Management and employees of the Company and to harmonize the aspirations of human resources consistent with the goals of the Company.

OBJECTIVE AND PURPOSE OF THE POLICY:

The Nomination and Remuneration Policy will provide guidance and restrictions for the appointment and compensation of Directors, Key Managerial Personnel (“KMP”) and other Senior Management Personnel (which includes Chief Financial Officer and Company Secretary). For the purpose of NRC Policy, Senior Management, inter alia, includes all members of management one level below the Chief Executive Officer/Managing Director/Whole Time Director/Manager (including Chief Executive Officer/Manager, in case they are not part of the board) and shall specifically include Company Secretary and Chief Financial Officer.

THE KEY OBJECTIVES OF THE NRC COMMITTEE:

- To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive / Non-Executive) and recommend to the Board policies relating to the remuneration of the Directors, Key Managerial Personnel, Senior Management and other employees.
- For every appointment of an independent director, 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. The person recommended 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:
 - i. use the services of an external agencies, if required
 - ii. consider candidates from a wide range of backgrounds, having due regard to diversity
 - iii. consider the time commitments of the candidates
- To guide the Board in relation to appointment and removal of Directors and Senior Management
- To formulate criteria for evaluation of performance of Independent Directors and the Board of Directors
- To guide with respect to Committee member qualifications, Committee member appointment and removal, Committee structure and operations, and Committee reporting to the Board.
- To formulate the criteria for evaluation of performance of all the Directors, KMP and Senior Management by considering
 - i. qualification, expertise and experience in their respective fields such as Information Technology Business, Scientific Research & Development, International Markets, Leadership, Risk

- Management and Strategic Planning etc
- ii. Personal characteristics which align with the Company's values, such as integrity, accountability, financial literacy, high performance standards, etc.
 - iii. Diversity of thought, experience, knowledge, perspective and gender in the Board.
 - iv. Such other criteria as prescribed in the Corporate Governance Guidelines of the Company or prescribed by the Board from time to time
- To devise a policy on diversity of board of directors
 - To identify 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
 - To analyse whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors
 - To recommend to the board, all remuneration, in whatever form, payable to senior management
 - To lay out remuneration principles for employees linked to their effort, performance and achievement relating to the Company's goals.

CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE:

Composition:

As per the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration Committee shall consist of at least three directors and all the directors of the committee shall be non-executive directors and at least two-thirds of the directors shall be independent directors.

The Chairperson of the Nomination and Remuneration Committee shall be an independent director:

Provided that the chairperson of the listed entity, whether executive or non-executive, may be appointed as a member of the Nomination and Remuneration Committee and shall not chair such Committee.

The Nomination and Remuneration Committee shall meet at least once in a year.

The Board has authority to reconstitute this Committee from time to time.

GENERAL POLICY STATEMENT:

The Remuneration Policy of the Company is performance driven and is structured to motivate directors and employees, recognize their merits and achievements and promote excellence in their performance. Individual performance pay is determined by business performance and the performance of the individuals is measured through an appropriate appraisal process. Through compensation program, the Company endeavors to attract, retain, develop and motivate a high-performance workforce that will ensure the long-term sustainability of the Company and create a competitive advantage in the industry. For the whole-time directors and employees, the Company follows a compensation mix of fixed and variable pay.

The remuneration of the Board members and Key Managerial Personnel is based on the Company's size and market presence, its economic and financial position, industrial trends, compensation paid by the peer companies etc. Compensation reflects the responsibility and performance of the Board members and Key Managerial Personnel.

TERMS OF REFERENCE:

- 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 carry out evaluation of every director's performance based upon the criteria as laid down in Schedule I of this policy
- c) 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 and Key Managerial Personnel.
- d) To review the overall compensation policy, service agreement and other employment conditions of Whole Time Directors and Key Managerial Personnel.
- e) To monitor the implementation of Employees Stock Option Scheme / Employee Stock Purchase Scheme or any such scheme.
- f) To deal with other matters as the Board may refer to the Nomination and Remuneration Committee ("the Committee") from time to time.

REMUNERATION:

Role and Type of Remuneration:

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 and Key Managerial 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.

The Company shall pay remuneration to Whole-time directors/ Executive Directors and Key Managerial Personnel by way of salary, retirement benefits, perquisites, allowances (fixed component), incentives and commission (variable component) based on the recommendation of the Committee and approval of the Board of Directors and shareholders, if applicable. Annual increments may be decided by the Committee within the salary scale approved by the members, in case of Whole-time directors/ Executive Directors.

Guaranteed Portion of Remuneration:

Whole-time directors/ Executive Directors and employees are receiving 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, pension and gratuity, group mediclaim etc.

Variable Portion of Remuneration:

Performance Incentive to reward employees for performance is variable. These rewards are based on individuals, business unit or Company's performance including related pre-defined targets. Performance is measured over a 12 months' period. The remuneration policy should accordingly be considered in the greater human resource context.

Remuneration of Non-Executive Directors:

Non-Executive Directors are paid remuneration by way of sitting fees for attending Board and Audit Committee Meetings. The Company pays a sitting fee per meeting of the Board and Audit Committees to the Non-Executive Directors for attending the meeting within the limit 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 sub-section (5) of Section 197 of the Act, re-imbursement 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.

COST MANAGEMENT:

The objective of remuneration cost management is the importance of the directors and employee's role, thereby reflecting their relative work to the Company. Cost management does not necessarily imply a reduction of overall salary and bill but rather the correct allocation thereof. 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.

Any amount paid in excess to director other than prescribed under the Act shall be refunded by the director and the company cannot waive the same.

RETIREMENT POLICY:

The Company has adopted the guidelines for retirement age of whole time directors and employees. Any whole time director who is retained on the Company's Board beyond the age limit decided by the management for special reasons may continue as a Director at the discretion of the Board. The Company has adopted policy for offering retirement benefits including pension, ex-gratia, gratuity, medical etc. to its whole time directors and employees of the Company.

REPORTING REQUIREMENTS:

This policy shall be disclosed every year in the Board's Report to the shareholders of the Company.

POLICY REVIEW:

In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other Regulations which makes any of the provisions in the policy inconsistent with the Act or Regulations, then the provisions of the Act or Regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the policy as recommended by the Committee would be given for approval of the Board of Directors.

Schedule 1

Criteria for appointment, remuneration for Directors and Key Managerial Personnel of the Company.

- At the time of selection of a Director and Key Managerial Personnel, 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 by the Act. The performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- The level and composition of remuneration should be reasonable and sufficient to attract, retain and motivate Directors and Key Managerial Personnel to run the Company successfully.
- Relationship of remuneration to performance should be clear and meet appropriate performance benchmarks [refer schedule II].
- Remuneration of directors and Key Managerial Personnel 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.
- External Competitiveness: The quantum and nature of the total offering to Directors and Key Managerial Personnel should commensurate with the industry standards and benchmarks and the ability of the Company in recruiting and retaining them. The appropriate mix of guaranteed cash benefits and incentives should enhance the Company's ability to motivate them in a manner that will improve the Company's competitiveness.
- Remuneration should be compatible with risk policies and systems.
- The Independent Directors shall review the performance of the non-independent directors.
- The Independent Directors shall assess the quality, quantity and timelines of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Schedule II
PERFORMANCE MANAGEMENT

INTRODUCTION

Performance Management at Vineet is an ongoing process that enables individuals to clearly understand what is expected of them, how they are performing against those expectations and how this supports the overall goals of the business & organization.

Performance Management is how one work with their manager and peers throughout the year to help improve one's performance – agreeing on expectations through goal setting, providing regular & on-going feedback, quarterly / half yearly / midyear reviews and finally a year-end review process.

EVALUATION CRITERIA

Sl. No	Evaluation Criteria	Far Exceeded	Exceeds	Met	Partially Met	Not Met
1	Compliance					
2	Growth					
3	Operational Efficiency					
4	Talent Development					

Process

Step 1: Finalization of the Strategy by the Group CEO & MD

Step 2: Flow down of goals around Revenue and Growth Initiatives

Measurement

All goals and objectives are rated on a 5-point scale. Every line item is given weightage in the beginning of the performance cycle which is then evaluated on the progress made every quarter.

The following are the details:

- Far exceeded - 110 to 125% of the allotted marks
- Exceeded – 100 to 110 % of the allotted marks
- Met expectations – 90 to 100% of the allotted marks
- Partially met – 60% of the allotted marks
- Not met – 0 marks