



# **ZYDUS LIFESCIENCES LIMITED<sup>#</sup>**

(Formerly known as Cadila Healthcare Limited)

## **Nomination and Remuneration Policy**

**# The name of the Company was changed from Cadila Healthcare Limited to Zydus Lifesciences Limited with effect from February 24, 2022.**

### **Preamble:**

The Board of Directors of Zydus Lifesciences Limited (formerly known as Cadila Healthcare Limited) ("**Zyduslife**" or "the **Company**") at its meeting held on February 8, 2013 formed a Remuneration Committee. The Committee was renamed as "Nomination and Remuneration Committee" ("**NRC Committee**") with effect from May 16, 2014.

Based on the recommendation of the NRC Committee, the Nomination and Remuneration Policy ("**NRC Policy**") was revised by the Board of Directors ("**Board**") of the Company on February 7, 2019. The NRC Policy is further revised, based on the recommendation of NRC Committee, by the Board of the Company on May 27, 2021. As on May 27, 2021, the NRC Committee comprises of six members out of which four members are Independent Directors and two members are Non-Executive Directors.

### **Objective and references:**

The NRC Policy will provide guidance and restrictions for the appointment and compensation of Directors, Key Managerial Personnel ("**KMP**") and other Senior Management (which includes Chief Financial Officer and Company Secretary). For the purpose of NRC Policy, Senior Management, *inter alia*, includes the Chairman, the Managing Director, the Whole Time Director, the Chief Financial Officer and the Company Secretary.

The key objectives of the NRC Committee would be:

- i. To guide the Board in relation to appointment and removal of Directors and Senior Management,
- ii. To evaluate the performance of the Board, its committee and individual directors and provide necessary report to the Board in this regard and
- iii. To recommend to the Board on remuneration payable to the Directors and Senior Management.

This policy has been framed in compliance of the provisions of section 178 of the Companies Act, 2013 ("**the Act**") and Rules made thereunder and regulation 19(4) read with part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**the Listing Regulations**").

### **Definition:**

#### **A. Key Managerial Personnel:**

Key Managerial Personnel means-

- i. Chief Executive Office or the Managing Director or the Manager,
- ii. Whole Time Director,
- iii. Chief Financial Officer,

- iv. Company Secretary and
- v. Such other officer as may be prescribed.

## **B. Senior Management:**

As per regulation 16(1)(d) of the Listing Regulations, Senior Management shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

### *Application of NRC Policy:*

Directors and Senior Management as may be decided by the NRC Committee or Board of the Company, subject to the approval of shareholders in a General Meeting for their respective appointment, wherever applicable, and subject to the provisions of the Act shall be remunerated in line with the service agreements.

### *Constitution of the NRC Committee:*

The Board at its meeting held on May 16, 2014 constituted the Nomination and Remuneration Committee. As on the date of adoption of the revised NRC Policy i.e. May 27, 2021, the following are the members of the Committee.

<b>Sr. No.</b>	<b>Name of the Member</b>	<b>Position</b>
1.	Mr. Nitin R. Desai, Independent Director	Chairman
2.	Mr. Mukesh M. Patel, Non-Executive Director	Member
3.	Ms. Dharmishtaben N. Raval, Independent Director	Member
4.	Mr. Apurva S. Diwanji, Independent Director	Member
5.	Mr. Pankaj R. Patel, Non-Executive Director	Member
6.	Mr. Bhadresh K. Shah, Independent Director	Member

### *NRC Policy Custodian:*

Mr. Dhaval N. Soni, Company Secretary and Compliance Officer of the Company shall be the NRC Policy Custodian.

### *Related Policies and Legislation:*

Code of Conduct and Ethics for Directors and Senior Management Personnel of the Company, as approved by the Board of Directors of the Company.

### ***Approving Authority:***

NRC Policy has been approved by the Chairman, NRC Committee.

### ***General Policy Statement:***

NRC Policy is performance driven and is structured to motivate the Directors and the employees of the Company, recognize their merits and achievements and promote excellence in their performance. Individual performance pay is determined by Business or Functional Heads through annual appraisal process, jointly with HR Head. The Company endeavours to attract, retain, develop and motivate high performance employees which will ensure long term sustainability of the Company and create a competitive advantage.

### ***Role of the NRC Committee:***

NRC Committee will perform the following functions:

- i. To identify the persons, who are qualified to become Directors of the Company or who may be appointed in Senior Management,
- ii. To recommend to the Board, appointment and removal of the Director(s) and evaluation of each Director's performance,
- iii. To formulate criteria for determining qualifications, positive attributes and independence of a Director,
- iv. To review on annual basis the compensation to the Non-Executive Directors and Senior Management and recommend to the Board the remuneration and incentive payable to each of them,
- v. Ensure that level and composition of remuneration is reasonable and sufficient, its relationship with performance is clear and meets appropriate performance benchmarks,
- vi. To develop and review the succession plan for the Board.

### ***Membership, Chairman and Secretary:***

- i. The NRC Committee shall consist of a minimum 3 Non-Executive Directors, majority of them shall be Independent Directors,
- ii. The presence of minimum two members of the NRC Committee shall constitute a valid quorum,
- iii. The Chairman of the NRC Committee shall always be an Independent Director,

- iv. In the absence of the Chairman, the members of the NRC Committee present at the meeting shall choose one amongst them to be the Chairman for that meeting,
- v. The Company Secretary of the Company shall act as the Secretary to the NRC Committee.

#### ***Duties for Nominations:***

The duties of the NRC Committee in relation to nomination matters include:

- i. Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness,
- ii. Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the provisions of the Act and the Listing Regulations,
- iii. Determining the appropriate size, diversity and composition of the Board,
- iv. Selecting new Directors for appointment on the Board in a transparent manner,
- v. Reviewing succession of the Board and Senior Management on regular interval,
- vi. Reviewing the performance of the Board and Senior Management to achieve the Company's business goals.

#### ***Duties for Remuneration:***

The duties of the NRC Committee in relation to remuneration matters shall include:

- i. To ensure that the remuneration is reasonably and sufficiently paid in order to attract, retain and motivate the Board members, based on the performance of the Company and such other factors as the NRC Committee shall deem appropriate,
- ii. To review and recommend the remuneration of Senior Management maintaining a balance between fixed and incentive pay based on the working of the Company,
- iii. To recommend to the Board, all remuneration, in whatever form, payable to senior management.

#### ***Overall remuneration to the Directors:***

The overall remuneration to all Directors shall not exceed 11% of the net profits of the respective financial year and the remuneration and / or commission to the Executive and Non-Executive Directors shall be paid in accordance with the approval of the shareholders. The sitting fees to Non-Executive Directors shall not be part of the overall remuneration under this Para.

Pursuant to the amendment in section 197 and Schedule V of the Act, in case of loss or when the profits are inadequate in any financial year, the Company shall be entitled to make payment of remuneration to the Non-Executive Directors and Independent Directors within the limits prescribed under Schedule V of the Act, provided however, that such payment shall be subject to necessary approval from the shareholders.

***Expenses incurred for attending meetings:***

The Company shall make an arrangement and pay the amount towards hotel accommodation, air/other travel, any transportation cost, etc. for Directors, while attending any Board or Committee meeting. If any arrangement is made by the respective Director, the Company shall immediately reimburse the amount spent on submission of original bills, vouchers and receipts. The Company Secretary and Compliance Officer shall be authorised for incurring such expenditure or reimbursing the expenses, as the case may be.

***Payment of Sitting Fees to the Non-Executive and Independent Directors:***

The Company shall pay sitting fees to the Non-Executive and Independent Directors for attending all board and committee meetings. The NRC Committee shall recommend to the Board any increase in the payment of sitting fees, within the permissible limits and subject to such approvals as may be required under the Act or the Listing Regulations.

***Payment of Remuneration to Executive Directors:***

The Company shall pay remuneration to Managing / Whole Time Directors as per their respective terms of appointment approved by the shareholders within the limits prescribed under the Act. The NRC Committee will recommend the remuneration payable to the Managing / Whole Time Directors to the Board.

At the end of tenure of appointment of any Independent Director and the Managing / Whole Time Directors, the NRC Committee will recommend to the Board, the broad terms and conditions and remuneration payable to them, which will be subject to the provisions of applicable law and approval of shareholders.

The Board while approving the remuneration payable to the Executive / Non-Executive Directors shall consider the recommendations of the NRC Committee.

***Minutes of the Committee Meetings:***

The Company Secretary shall record the proceedings of the meetings of the NRC Committee and circulate the draft to the members of the NRC Committee within 15 days. The minutes recorded in the minute book, shall be signed by the Chairman of the respective meeting or the Chairman of the next NRC Committee Meeting.

**For, ZYDUS LIFESCIENCES LIMITED  
(formerly known as CADILA HEALTHCARE LIMITED)**

**SHARVIL P. PATEL  
MANAGING DIRECTOR**