



Nomination & Remuneration Policy

PREFACE

Valiant Laboratories Limited considers human resource as its invaluable assets. We believe that organisational development and employee development are inseparably linked. This policy aims to harmonise the aspirations of the Directors/ CEO & other employees with the organisational goals, values and strategies.

As a further step in the above direction, this Policy sets guidelines on qualification, positive attributes, appointment, removal, performance evaluation and remuneration of Directors, Key Management Personnel and Senior Management of the Company.

SCOPE

The Board has constituted the Board Nomination and Remuneration Committee (“NRC”) pursuant to the provisions of Section 178 of the Companies Act, 2013 and the rules made thereunder read with the Corporate Governance Guidelines as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). This Policy sets out the broad guiding principles for the Committee for recommending to the Board the appointment and remuneration of the Directors, CEO & Senior Management Personnel.

The Policy on nomination and remuneration of Directors, CEO & Senior Management Personnel (“SMP”) and all other employees has been formulated as below:

1. DEFINITIONS

- a. “Board” means Board of Directors of the Company;
- b. "Company" means Valiant Laboratories Limited;
- c. “Director” means a Director appointed on the Board of the Company;
- d. “CEO” means a Chief Executive Officer appointed by the Board of the Company;
- e. "Key Managerial Personnel", in relation to a company, means:
 - (i) The Chief Executive Officer or the Managing Director;
 - (ii) The Company Secretary;
 - (iii) The Whole-Time Director;
 - (iv) The Chief Financial Officer;
 - (v) Such other officer, not more than one level below the directors who is in whole- time employment, designated as key managerial personnel by the Board; and (vi) Such other officer as may be prescribed.
- f. “Senior Management Personnel (“SMP”)” shall mean members of the Executive Leadership Team of the Company and shall include the Chief Financial Officer and the



Company Secretary of the Company, if not forming part of the Executive Leadership Team.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013 and Listing Regulations (as amended from time to time) shall have the meaning respectively assigned to them therein.

2. OBJECTIVES OF POLICY

The key objectives of the Policy are:

- a. To formulate criteria and advise the Board in matters of determining qualifications, competencies, positive attributes and independence of Directors, and policies relating to their appointment and removal;
- b. To review corporate goals and objectives, to set norms of performance evaluation and to lay out remuneration principles for Directors, KMP and Senior Management linked to their effort, performance, and contribution towards achievement of organizational goals;
- c. To evaluate performance and give recommendations to the Board on remuneration payable to the Directors, KMP and Senior Management, and
- d. To review and recommend to the Board measures to retain and motivate talent including KMP and Senior Management Personnel with a view to ensuring long term sustainability and competitiveness of the organization.

3. GUIDING PRINCIPLES:

While formulating and implementing this Policy, the NRC will continue to ensure that;

- a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and Senior Management Personnel considering the need for long term success of the Company;
- b. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks, and
- c. 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.

4. THE SCOPE OF NOMINATION AND REMUNERATION COMMITTEE AND KEY MATTERS TO BE DEALT WITH AND RECOMMENDED TO THE BOARD

a. Size and composition of the Board

Periodically reviewing and recommending to the Board on the size and composition of the Board to ensure that in addition to meeting statutory criteria, the Board is well



structured to make appropriate decisions and benefits from a variety of perspectives and skills, in the best interests of the Company as a whole.

b. Formulation of Criteria

Formulating criteria to determine qualifications, positive attributes and independence of Directors and recommending candidates to the Board; and when circumstances warrant, the appointment of a new Director, having regard to the range of skills, experience and expertise, on the Board and who will best complement the Board.

c. Succession plans

Reviewing from time to time that appropriate succession plans are in place.

d. Board diversity

Assisting the Board in accordance with the Board Diversity Policy, to ensure the Board nomination process with regard to diversity of gender, thought, experience, knowledge and perspective on the Board.

5. POLICY FOR NOMINATION & APPOINTMENT

5.1 Criteria and qualifications for Appointment

- a. A person to be appointed as Director, Key Managerial Personnel (KMP) or at Senior Management level should possess adequate and relevant qualification, expertise and experience for the position that he/ she is being considered for. The NRC will evaluate whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position and the NRC will make appropriate recommendations to the Board of Directors.
- b. A person, to be appointed as Director, should possess impeccable reputation for integrity, expertise and insight in sectors/ areas relevant to the Company, besides ability to contribute to the Company's growth and should possess complementary skills in relation to the other Board members.
- c. The Company shall not appoint or continue the employment of any person as Managing Director or KMP who incurs disqualification prescribed in any of the laws.
- d. A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the prior permission of the Board of Directors of the Company and upon fulfilling other requirements as may be necessary under the relevant law.
- e. Appointment / re-appointment of a Director, KMP or Senior Management shall be confirmed through a formal letter stating terms of appointment.
- f. The NRC will review and identify Directors retiring by rotation and recommend to the Board their re-appointment in line with their performance evaluation, eligibility, and merits.



- g. The Company shall not appoint a person and shall not continue the directorship of any person as a non-executive director who has attained the age of seventy-five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.

5.2 Term/Tenure

a. Managing Director/ Whole-time Director(s) (Executive Directors)

The Company shall appoint or re-appoint any person as its Managing Director and/or Whole-time Director(s) (Executive Directors) 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 term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Shareholders of the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided, however, that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of an Independent Director and during his/her appointment period with the Company, it should be ensured that the number of Boards on which such Independent Director serves is within the maximum limit prescribed under the prevailing act, rules and regulations.

c. Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable law, rules and regulations, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director or KMP subject to the provisions of the relevant law.

d. Retirement

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable law, rules and regulations, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director or KMP subject to the provisions of the relevant law.

6. POLICY RELATING TO THE REMUNERATION FOR DIRECTORS, KMPs AND OTHER EMPLOYEES

6.1 General



- a) The remuneration to Directors/ Key Managerial Personnel and Senior Management will be recommended by NRC to the Board for approval. The remuneration (including increment' s) to the Directors, so recommended by NRC to the Board, should be within the limits and conditions prescribed under the Companies Act, 2013, Listing Regulations and other regulations, as applicable and as approved by the shareholders of the Company.
- b) All the Directors (Except Independent Director's & Directors belonging to promoter and Promoter Group) shall be entitled to any Stock option of the Company.

6.2 Remuneration to Non-Executive/ Independent Director

- a. The Non-Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount per meeting of the Board or Committee as may be prescribed under the law prevailing from time to time.
- b. The Board upon the recommendation of the Nomination Committee, shall review the Sitting Fees, from time to time, subject to the limits, as specified under the Companies Act, 2013 or rules made thereunder.

6.3 Remuneration to Managing Director/ Whole-time Director(s) (Executive Director(s))

- a. Remuneration to the Managing Director / Whole-time Director(s) (Executive Director(s)) shall be in accordance with the provisions of the Companies Act, 2013, read with the Rules made thereunder.
- b. The terms of Appointment shall be subject to approval of the Board and shareholders of the Company and as may be defined in the Employment Agreement
- c. The Managing Director / Whole-time Director(s) shall not be entitled to sitting fees for attending the meetings of Board of Directors or Committees thereof.

6.4 Remuneration to KMPs and Senior Management

- a. The remuneration and reward structure comprises of two broad components.
 - i) The fixed component, and
 - ii) Performance linked variable component which is related partly to organizational/ divisional performance, as applicable, and partly to manager's individual performance during the period under review.
- b. The Company's HR function to review and reset compensation levels annually based on a comparison with the relevant peer group in India. The NRC will have access to these reports and may review proposals and shall recommend to the Board all remuneration, in whatever form, payable to KMPs and Senior Management from time to time.
- c. The Remuneration structure shall include the following components:



- i. Fixed Pay.
- ii. Performance Linked Incentive / Variable Pay Plan.
- iii. Retrial & Other Benefits.
- iv. Onetime Payments.
- v. Stock Options.
- vi. Retention Bonus & Long-Term Incentives.
- vii. ex Gratia.
- iv. Any Other Perquisites & Allowances.

Remuneration shall be assigned as per the grade/band of the incumbent and according to the qualification and work experience, competencies as well as their roles and responsibilities in the Organization. There will be various factors which will be considered for determining their compensation such as job profile, potential, skill sets, seniority, experience, performance, and prevailing competition remuneration levels for equivalent jobs.

The CEO/ MD will approve the upper limits for both the increment & PLI for all the other employees.

NRC is informed of the final numbers after the pay-outs to all other Employees.

Compensation of top 10 Employees in terms of their salary to be presented with the NRC members on Annual Basis.

7. PERFORMANCE MANAGEMENT PROCESS

Company to have a Performance Management & Review process which forms the basis of Compensation Review & Career Progression at Valiant Laboratories Limited. The formal Annual Performance Review Process is initiated by the Human Resources function in the beginning of April every year, with an email communication from HR to all the employees of the Organization. Performance rating for the employees is largely based on their KPI achievements for last financial year along with their competency displayed and their potential.

8. MEETINGS

The NRC shall meet at least once in a year. The Company Secretary shall act as the Secretary. The Quorum for the meeting shall be either two members or one third of the members of the committee whichever is greater, including at least one independent director in attendance. The NRC may invite such executives as it considers appropriate, to remain present at the meeting. A member of NRC is not entitled to participate in the meeting when his/her own performance/ remuneration is being discussed.

9. POLICY REVIEW/ AMENDMENTS

In case of 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 the changes in law.



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- a. Statutory Updates This Policy shall be considered as updated automatically, without any formal approval, to the extent it needs to be aligned with any change in law. An update thereon would be reported to the NRC and Board of Directors.

10. OTHER UPDATES

All major procedural updates shall be effective only if those are carried out after the review and approval of the Board of Directors through the NRC.
