



NOMINATION AND REMUNERATION POLICY

1. Preamble

BAFNA PHARMACEUTICALS LIMITED (“the Company”) believes in conducting the affairs of the company in a fair and transparent manner by adopting the highest standards of professionalism and good corporate governance practices. The Company is committed to ensure that remuneration commensurate with the role and responsibilities paid to directors and employees of the Company. In order to attract and retain properly qualified and best talent at all levels, it is the Company’s aim to maintain fair and competitive remuneration consistent with industry standards and practices.

Pursuant to the Companies Act, 2013 (“the Act”), the Company is required to constitute a Nomination and Remuneration Committee which shall formulate the Nomination and Remuneration Policy (“the Policy”) and the overall appointment and remuneration of Directors, Key Managerial Personnel and Senior Management of the Company

2. Application Of The Policy

The appointment and remuneration of Directors, Key Managerial Personnel like Chief Financial Officer, Company Secretary and Senior Management of the Company will be reviewed and considered by the Nomination and Remuneration Committee in accordance with the policy and the provisions of the Act.

3. Definitions

“KMP” means and includes Chief Executive Officer, Managing Director, Whole time Director, Manager, Chief Financial Officer and Company Secretary of Bafna Pharmaceuticals Ltd (BPL) and any other employee of BPL as identified by the Board;

4. Role of Nomination and Remuneration Committee

The role / scope of the Nomination and Remuneration Committee shall be as follows:

1. To make recommendations to the Board with respect to incentive compensation plans for the executive directors and remuneration of non executive directors.
2. To identify persons who are qualified to become Directors and KMP.
3. To recommend to the Board for appointment / removal of Directors, KMP of Bafna Pharmaceuticals Limited and carry out evaluation of every Director’s performance in its annual report.
4. To formulate criteria for determining qualification, positive attributes and independence of a Director.
5. To recommend to the Board a policy for remuneration of Directors and Key Managerial Persons
6. To formulate policies to ensure that level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors and key managerial persons and to provide opportunity to meet the required performance benchmarks.
7. To review the annual performance of executive and non executive directors.
8. To annually review the duties and performance of the chairman of the Board and recommend the process to the Board for his election.
9. To assist the Board in the establishment and implementation of an appropriate performance evaluation / self assessment process for the members of the Board and the Committees.
10. To perform review and evaluation, of the performance of the member of the Board and the committee members, at least annually.
11. To formulate a criteria for evaluation of independent director and the Board.
12. To devise a policy on Board diversity.
- 13 To carry out any other responsibilities and duties delegated to it by the Board from time to time.
14. To carry out additional functions and adopt additional policies and procedures as may be required or appropriate in light of changing business, legislative, regulatory, legal or other conditions.

5. Composition and quorum of the Nomination and Remuneration Committee

1. Nomination and Remuneration Committee shall consist of a minimum 3 (three) non executive directors, at least one-half of them being independent directors. The Chairman of the Nomination and Remuneration Committee shall be an Independent Director. Chairman of the Board may be appointed as a member of the Nomination and Remuneration Committee but shall not chair the Nomination and Remuneration Committee. The Company Secretary of Bafna Pharmaceuticals Ltd shall act as the secretary to the Nomination and Remuneration Committee.

2. At least 2 members shall constitute a valid quorum for the Nomination and Remuneration Committee meeting. The Nomination and Remuneration Committee may invite any executives of Bafna Pharmaceuticals Ltd, as it considers appropriate, to be present at the meetings of Nomination and Remuneration Committee. A member is not entitled to be present when his/her remuneration is discussed or performance is evaluated at Nomination and Remuneration Committee meeting.

3. The term of the Nomination and Remuneration Committee shall be continued unless terminated by the Board and the membership of the Committee shall be disclosed in the annual report of Bafna Pharmaceuticals Limited.

6. 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 as laid down in 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, Key Managerial Personnel and other employees in Senior Management.**
- d) To review the overall compensation policy, service agreement and other employment conditions of Whole Time Directors, Key Managerial Personnel and Senior Management officials.**
- e) To monitor the implementation of Employees Stock Option Scheme.**
- f) To deal with other matters as the Board may refer to the Nomination and Remuneration Committee ("the Committee") from time to time.**

7. 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, Key Managerial Personnel and Senior Management Personnel of the Company is decided based on the criteria stated in this policy and as per the recommendation of the Committee.

The Company shall pay remuneration to Whole-time directors/ Executive Directors, Key Managerial Personnel and Senior Management 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.

Remuneration of Non-Executive Directors

Non-Executive Directors are paid remuneration by way of sitting fees for attending Board and Committee Meetings. The Company pays a sitting fee per meeting of the Board and the 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, reimbursement 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.

8. Retirement Policy

The Company has adopted the guidelines for retirement age of whole time director 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 director and employees of the Company.

9. Voting

Matters arising for determination at Nomination and Remuneration Committee meetings shall be decided by majority of votes of members present and any decision arrived at by the members shall for all purposes be deemed a decision of the Nomination and Remuneration Committee. The chairman of NRC shall have a casting vote in case of tie of votes.

10. Meetings of NRC

The meeting of the NRC shall be held at such time and interval as may be required.

11. Tenure of appointment

a. Executive Directors

Board shall, on the recommendation of Nomination and Remuneration Committee, appoint / re-appoint any person as its Executive Chairman, Managing Director, Whole Time Director or by whatever name called, for a term not exceeding 5 years at a time. Further, no re-appointment of such person shall be made at a time earlier than one year before the expiry of the term.

b. Independent Director

1. The Nomination and Remuneration Committee shall ensure that an Independent Director appointed on the Board shall hold office for a term of 5 consecutive years and he/ she shall be eligible for reappointment on passing of a special resolution by Bafna Pharmaceuticals Limited and disclosure of such appointment in the Board's report.

2. Further, Nomination and Remuneration Committee shall ensure that no independent director shall hold office for more than 2 consecutive terms, but the independent directors shall be eligible for appointment after expiry of 3 years of ceasing to become an independent director, provided that such independent director shall not, during the said period of 3 years, be appointed in or be associated with Bafna Pharmaceuticals Limited in any other capacity, either directly or indirectly.

12. 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

13. Evaluation

The Nomination and Remuneration Committee shall carry out evaluation of performance of each director, KMP of Bafna Pharmaceuticals Limited on a yearly basis.

The Committee shall monitor and review Board evaluation framework, conduct an assessment of the performance of the Board, each Board Committee, the Independent directors and the Chair of the Board against criteria as determined and approved by the Committee.

The performance evaluation of Independent Directors shall be done by the entire Board of Directors, on the basis of recommendations of the Committee (excluding the director being evaluated).

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

14. Removal

The Nomination and Remuneration Committee shall recommend to the Board, with reasons recorded in writing, for removal / suspension of any Directors, KMP of Bafna Pharmaceuticals Limited if any of such aforementioned person(s), due to any reason(s), are eligible for disqualification under the provisions of the Act or any rules made thereunder or under any other applicable law.

15. Authority

The Committee shall have free access to management and management information. The committee, at its sole authority, may seek the advice of outside experts or consultants at the Company's expenses where judged necessary, to discharge its duties and responsibilities.

16. Implementation and Review

The Nomination and Remuneration Committee is responsible for monitoring, implementation and review of this Policy. The Nomination and Remuneration Committee shall provide recommendations to the Board as to how to effectively structure and facilitate a remuneration strategy, which will meet the needs of Bafna Pharmaceuticals Limited. The Board shall review the contents of compliance with the Policy at regular interval.