



NOMINATION AND REMUNERATION POLICY

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

APPLICATION OF THE POLICY:

The appointment and remuneration of Directors, Key Managerial Personnel 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.

DEFINITIONS:

- a) **“Board”** means Board of Directors of Bafna Pharmaceuticals Limited.
- b) **“Directors”** means Directors of the Company.
- c) **“Committee”** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- d) **“Company”** means Bafna Pharmaceuticals Limited.
- e) **“Independent Directors”** means a director referred to in Section 149 (6) of the Companies Act, 2013 read with Regulation 16 (1) (b) of the Listing Regulations.
- f) **“Key Managerial Personnel” (KMP)** means, as defined in sub-section (51) of section 2 of the Companies Act, 2013, which includes:
 - i). Chief Executive Officer / Managing Director / or the Manager
 - ii). Whole-time Director;
 - iii). Chief Financial Officer;



- iv). Company Secretary;
- v). Such other officer as may be prescribed under the applicable statutory provisions / regulations.

g) **Senior Management:** Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the executive directors including all functional heads.

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

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. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman. The Company Secretary of Bafna Pharmaceuticals Ltd shall act as the secretary to the Nomination and Remuneration Committee.
- 2) At least 2 (Two) 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 the Company.

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 the Committee shall have a casting vote in case of tie of votes.

MEETINGS OF NOMINATION & REMUNERATION COMMITTEE:

The meeting of the Nomination & Remuneration Committee shall be held at such interval as may be required.

TERMS OF REFERENCE OF THE NOMINATION & REMUNERATION COMMITTEE:

- 1) To identify persons who are qualified to become Directors and persons who may be appointed in Key Managerial and Senior Management positions in accordance with this policy and recommend to the Board their appointment and removal.
- 2) To carry out evaluation of every director's performance as laid down in this policy.
- 3) 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.
- 4) To review the overall compensation policy, service agreement and other employment conditions of Whole Time Directors, Key Managerial Personnel and Senior Management officials.
- 5) To monitor the implementation of Employees Stock Option Scheme.
- 6) To deal with other matters as the Board may refer to the Nomination and Remuneration Committee ("the Committee") from time to time.

ROLE OF NOMINATION AND REMUNERATION COMMITTEE:

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

- 1) To formulate 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;
- 2) For every appointment of an independent director, the Nomination and Remuneration Committee 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

- 3) To formulate criteria for evaluation of performance of independent directors, Chairman and the board of directors;
- 4) To devise a policy on diversity of board of directors;
- 5) 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.
- 6) To recommend to the board 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.
- 7) To recommend to the board, all remuneration, in whatever form, payable to senior management.
- 8) To make recommendations to the Board with respect to incentive compensation plans for the executive directors and remuneration of non executive directors.
- 9) 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.
- 10) To annually review the performance of the Chairman of the Board and recommend the process to the Board for his election.
- 11) To perform annual review and evaluation, of the performance of the Board and the Committee.
- 12) 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.



TENURE OF APPOINTMENT:

Whole – Time Directors / Executive Directors:

The 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 (Five) 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.

Independent Director:

- 1) An Independent Director shall hold office for a term upto 5 (Five) consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- 2) No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of 3 (Three) years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of 3 (Three) years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- 3) At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to 7 (Seven) listed companies as an Independent Director and 3 (Three) listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

REMUNERATION:

a) 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.

b) Remuneration to Whole-time directors/ Executive Directors, Key Managerial Personnel and Senior Management Personnel:



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.

The remuneration of Managing Director / Whole-time Director / Manager shall be fixed within the ceiling as prescribed under the Companies Act, 2013 and where the situation demands excess remuneration, the same shall be extended subject to applicable approvals, as may be necessary

c) Remuneration to 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 meetings of the Board or Committee including attendance through video / tele-conferencing, within the limit prescribed under the Act. Commission on profits as determined by the Board but within the ceiling and in the manner as prescribed under the Companies Act, 2013 and fixed by the shareholders.

An Independent Director shall not be entitled to any stock option of the Company.

As regards employees, who are not in the Management / Executive cadre, they will be paid fair remuneration, in accordance with the applicable law, comparable industry practices or negotiated settlements with unions where applicable.

RETIREMENT:

The Company has adopted guidelines for retirement of Directors, KMP, Senior Management Personnel and Employees. The Company has also adopted policy for offering retirement benefits including pension, ex-gratia, gratuity, medical etc. to its Directors, KMP, Senior Management Personnel and Employees of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.



EVALUATION:

The Nomination and Remuneration Committee shall carry out evaluation of performance of each Director, KMP of the Company on a yearly basis.

The Committee shall monitor and review Board evaluation framework, conduct an assessment of the performance of the Board, each Committee, the Independent directors and the Chairman 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.

REMOVAL:

The Nomination and Remuneration Committee shall recommend to the Board, with reasons recorded in writing, the removal or suspension of any Director, Key Managerial Personnel, or Senior Management Personnel of the Company who, for any reason, becomes liable for disqualification under the provisions of the Companies Act, 2013, the rules made thereunder, or any other applicable law.

COST MANAGEMENT:

The objective of remuneration cost management is to recognize the significance of the roles played by the Directors and employees, and to ensure that their compensation reflects their relative contribution to the Company. Cost management does not necessarily imply a reduction in the overall salary expenditure but rather emphasizes the appropriate and efficient allocation of remuneration. The Finance Department, in coordination with the Human Resources Department, shall manage remuneration costs within the approved budgetary framework, while ensuring that the remuneration of competent, high-performing, and key employees remains competitive in relation to market benchmarks.

Any remuneration paid to a Director in excess of the limits prescribed under the Companies Act, 2013 shall be refunded by the concerned Director to the Company, and such amount shall be held in trust until refunded. The Company shall not waive the recovery of any such refundable sum unless specifically permitted by the Central Government..

AUTHORITY:



The Committee shall have unrestricted access to management, employees, and all relevant information of the Company. The Committee may, at its sole discretion, seek the advice or assistance of external experts, consultants, or other advisors, at the Company's expense, whenever it deems such consultation necessary for the effective discharge of its duties and responsibilities.

IMPLEMENTATION AND AMENDMENT:

The Nomination and Remuneration Committee (the "Committee") shall be responsible for monitoring, implementing, and periodically reviewing this Policy. The Committee shall provide recommendations to the Board of Directors on the design and facilitation of a remuneration strategy that effectively meets the objectives and needs of the Company. The Committee and the Board reserve the right to revise, amend, replace, or rescind this Policy, in whole or in part, at their discretion, in accordance with applicable laws. The Policy shall be displayed on the Company's website, as required under the applicable statutory provisions.

In case of any inconsistency between the provisions of Act, applicable regulation and this policy, the provisions of the Act and applicable regulations shall prevail, and the Company shall abide by the applicable law and regulations.

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[This Policy was amended and approved by the Board of Directors at the Board Meeting held on 11th November, 2025.]