

SAANKHYA LABS PRIVATE LIMITED

CIN : U72200KA2006PTC041339

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**NOMINATION AND REMUNERATION POLICY
(Approved by the Board of Directors on September 9, 2022)**

1. Introduction:

The Board of Directors of Saankhya Labs Private Limited (“**Company**”), pursuant to the requirements of the provisions of Section 178 of the Companies Act, 2013 (the “**Act**”), has adopted this Nomination and Remuneration Policy (“**Policy**”) for Directors (*defined hereinafter*), Key Managerial Personnel (*defined hereinafter*) and Senior Management Personnel (*defined hereinafter*) of the Company. The Board has constituted the “Nomination and Remuneration Committee” of the Board in line with the requirements under the Act.

2. Objectives and Purpose of the Policy:

The purpose of this Policy shall be:

- To assist the Board in discharging its responsibilities relating to compensation of the Company's directors and key managerial personnel;
- To evaluate and approve the adequacy of the compensation plans, policies, programs and succession plans for Company's executive directors and senior management (including recommending to the Board the appointment and removal of senior management);
- To formulate the criteria for determining qualifications, positive attributes and independence of a director and for performance evaluation of independent directors on the Board;
- To oversee the Company's nomination process for the top level management and identify, screen and review individuals qualified to serve as executive directors, non-executive directors, independent directors and senior management consistent with criteria approved by the Board;
- To recommend appointment and removal of directors to the Board, for approval at the annual meeting of shareholders;
- To carry out evaluation of the performance of the Board;
- To devise a policy on Board diversity.

3. Definitions:

- The Independent Director means an Independent Director referred to in section 149 (6) of the Act.
- The Key Managerial Personnel or KMP means the person as defined in section 2(51) of the Act.
- The Managerial Personnel means Director, KMP and Senior Management Personnel.
- The Senior Management Personnel means personnel of the Company who are members of its core management team excluding the Board of Directors, comprising all members of the management one level below the Chief Executive Officer/ Managing Director/ Whole time Director/ Manager and shall specifically include Chief Financial Officer and Company Secretary.

The Words and expressions used and not defined herein, but have been defined in the Act and rules and regulations made thereunder shall have the meanings respectively assigned to them therein.

4. Applicability:

This Policy is applicable to:

- Directors (executive, non-executive and Independent);
- Key Managerial Personnel;
- Senior Management Personnel;
- Such other employees as may be decided by the Nomination and Remuneration Committee.

5. Appointment and Removal of Director, KMP and Senior Management Personnel:

a. Appointment criteria and qualifications:

- Subject to the applicable provisions of the Act, Committee shall identify and ascertain the integrity, back-ground, qualification, positive attributes, Independence standards, expertise and experience of the person for appointment as Director, KMP or a Senior Management Personnel and shall recommend to the Board his / her appointment;
- The Committee has the discretion to decide whether the integrity, back-ground, qualification, positive attributes, Independence standards, expertise and experience possessed by a person are adequate or satisfactory for the person to be appointed to the concerned position.

b. Term / Tenure and Limit:

i. Managing Director/Whole-Time Director/Manager

- The Company shall appoint or re-appoint any person as its Managing Director or Whole-Time Director 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. At the time of appointment of a Director, it should be ensured that the maximum number Directorship shall be as prescribed under the Companies Act, 2013.

ii. 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 Company and disclosure of such appointment in the Boards' Report.
- No Independent Director shall hold office for more than two consecutive terms of upto maximum period of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director, provided 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.
- Appointment, tenure, and other entities in which he/she will become a Director shall be as per the provisions of Companies Act applicable from time to time.

iii. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy 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. All Director (s) who has attained the age of seventy years shall be appointed or continue to hold Directorship unless a special resolution is passed to that effect with suitable justification for appointing such a person.

6. Provisions relating to remuneration of Managerial Personnel:

a. General

- The remuneration payable to the Directors shall be inclusive of any remuneration payable for services rendered by such Director in any capacity unless:
 - a. The services rendered are of a professional nature; and
 - b. The Committee is of the opinion that the director possesses requisite qualification for the practice of the profession.

- The Remuneration / compensation / commission etc. to Managerial Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the provisions of the Act and the relevant rules made thereunder, approval of the shareholders of the Company and Central Government, wherever required;
- Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders, wherever applicable; and
- The overall Remuneration shall be reflective of size of the Company, complexity of the sector in which the Company operates and the Company's capacity to pay the Remuneration.

b. Remuneration to Managing Director/ Whole Time Director/ Executive Directors

- The remuneration paid to Managing Director/ Whole Time Directors/ Executive directors will be within the overall limit approved by the shareholders. It shall be market competitive; driven by the role played by the individual and will be within the overall limits specified in the Companies Act, 2013 and any other regulatory requirements.
- The annual variable pay compensation in the form of annual incentive and annual increment for the Managing Director/ Whole Time Director/ Executive directors shall be based on Company's and individual performance as against the pre-agreed objectives for the year.
- If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director and Whole-Time Directors, in accordance with the provisions of Schedule V of the Act.
- The Executive Directors will not be paid sitting fees for any Board/ Committee Meeting attended by them.

c. Remuneration to Non-Executive Directors / Independent Directors

- The remuneration / commission payable to each non-executive Director shall be based on a remuneration structure depending on individual contribution, the Company's performance and shall be in accordance with the provisions of the Act, and the rules made thereunder for the time being in force.

- The Sitting Fees: The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of the Board or Committee thereof, provided that the amount of such fees shall not exceed the maximum amount as provided in the Act, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
 - The payment of remuneration to the Non-executive Directors / Independent directors (existing or proposed to be appointed in future) in any financial year shall be as under:
 - i. Where the Company has profits in a financial year – Payment of commission, in case of net profits (in addition to sitting fees and reimbursement of expenses for attending the meetings of the Board of Directors or Committees thereof), not exceeding 1% (one percent) or such other percentage of the Net Profits of the Company in any financial year as may be specified under the Companies Act, 2013 from time to time and computed in the manner provided under Section 198 of the Companies Act, 2013 as on March 31, 2022.
 - ii. Where the Company has no profits or its profits are inadequate in a financial year - Payment of remuneration, in case of no profit or inadequate profits (in addition to sitting fees and reimbursement of expenses for attending the meetings of the Board of Directors or Committees thereof), subject to the ceilings provided under Section II of Part II of Schedule V to the Companies Act, 2013 as on March 31, 2022.
 - The Independent Directors are not eligible to receive stock options.
 - The approval of shareholders by Special Resolution is required every year where the annual remuneration payable to a single non-executive director exceeds 50% of the total remuneration payable to all non-executive directors giving the details of remuneration.
 - Remuneration structure of the Independent Director shall be determined by the committee based on the per Board Meeting /Committee Meeting basis, besides fixed remuneration and out of pocket expenses for attending the Board & Committee meetings.
- d. Remuneration to KMP and Senior Management Personnel**
- The Company's total compensation for Key Managerial Personnel and Senior Management Personnel consist of :
 - ✓ Fixed compensation.
 - ✓ Variable compensation in the form of annual incentive.
 - ✓ The Benefits.
 - ✓ The work related facilities and perquisites

- In addition, Key Managerial Personnel and Senior Management Personnel are eligible for long-term incentive plan in the form of ESOPs/ RSU's from time to time. Grants under the Scheme are approved by the Nomination and remuneration Committee.
- The Fixed compensation is determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills, experience and performance of the employee. Fixed compensation includes Basic Salary, Housing Allowance, Leave Travel Allowance and a cash allowance.
- The Annual Incentive (variable pay) of Key Managerial Personnel and Senior Management Personnel is linked directly to the performance of the Business Unit and the Company in accordance with the Employees Incentive Scheme of the Company.
- The Key Managerial Personnel and Senior Management Personnel are also eligible for work related facilities and perquisites, loans and advances as may be determined through HR policies issued from time to time based on the Grade of the employee.
- The annual performance management process is applicable to all Key Managerial Personnel and Senior Management Personnel. The Annual increases in fixed and variable compensation of individual Key Managerial Personnel and Senior Management Personnel are directly linked to the performance ratings of individual Key Managerial Personnel and Senior Management Personnel.
- The overall compensation shall be subject to periodic reviews which takes into account data from compensation surveys conducted by specialist firms, as well as factors such as affordability based on the Company's performance and the economic environment.
- The Key Managerial Personnel and Senior Management Personnel Employees may be eligible for ESOPs approved by the Shareholders and in force from time to time. The objective of the ESOP will be to reward employees for their contribution to the long-term growth and profitability of the Company by providing a platform to share the value they create for the Company.
- The Key Managerial Personnel and Senior Management Personnel may be eligible for severance payments in accordance with the termination clause in their employment agreement subject to applicable regulatory requirements.

7. **Amendment:**

- In case of any subsequent changes in the provisions of the Act or any other applicable law, which makes any of the provisions in this Policy inconsistent with the Act or any applicable law, then provisions of the Act or applicable law shall prevail and this Policy would be modified in the due course to make it consistent with law.
- This Policy shall be reviewed by the Committee as and when any changes are to be incorporated in the Policy due to changes in law or as may be felt appropriate by the Committee. Any changes or modifications in the Policy as recommended by the Committee would be subject to the approval of the Board.
