



**LYKA LABS LIMITED**

**Nomination and Remuneration Policy**

## 1.1 Introduction

---

In terms of Section 178 of the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 and its Amendment Regulations, 2018, as amended from time to time, this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company has been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors. This policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, criteria for evaluation of performance of independent directors and the board of directors, devising a policy on diversity of board of directors, identifying 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, 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, recommend to the board, all remuneration, in whatever form, payable to senior management

## 1.2 Objective of the Policy

---

The policy is framed with the objective(s):

1. That the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully
2. That the relationship of remuneration to performance is clear and meets appropriate performance benchmarks
3. That the remuneration to Directors, Key Managerial Personnel (KMP), and other employees of the Company 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. To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-executive) and persons who may be appointed in Senior Management, Key Managerial positions and to determine their remuneration
5. To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the industry
6. To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel and to provide for reward(s) linked directly to their effort, performance, dedication and achievement relating to the Company's operations; and
7. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage
8. To lay down criteria for appointment, removal of directors, Key Managerial Personnel and Senior Management Personnel and evaluation of their performance

In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee.

---

## Definitions

---

In this Policy unless the context otherwise requires:

1. 'Act' means Companies Act, 2013 and rules thereunder
2. 'Board of Directors' or 'Board', in relation to the Company, means the collective body of the directors of the Company
3. 'Committee' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board
4. Company means Lyka Labs Limited
5. 'Directors' means Directors of the Company
6. 'Independent Director' means a director referred to in Section 149 (6) of the Companies Act, 2013
7. 'Key Managerial Personnel' (KMP) means:
  - a. Chief Executive Officer and / or Managing Director
  - b. Whole-time Director
  - c. Chief Financial Officer
  - d. Company Secretary
  - e. 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
  - f. Such other officer as may be prescribed
8. 'Ministry' means the Ministry of Corporate Affairs
9. 'Regulations' refers to and comprise of Companies Act, 2013, The Companies (Meeting of Board and its Powers) Rules, 2014, The Companies (Appointment and Qualification of Directors) Rules, 2014, The Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014, The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, SEBI(Listing Obligation & Disclosure Requirement) Regulations, 2015 and Amendment Regulations, 2018 and such other rules and provisions as applicable to the matters dealt in by this Policy

“senior management” shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.

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.

## **2. Nomination and Remuneration Committee**

---

### **2.1. Guiding Principles for Constitution of Nomination and Remuneration Committee**

---

The Nomination and Remuneration Committee will consist of three or more non-executive directors, out of which at least one-half shall be independent director(s), provided that chairperson of the Company may be appointed as a member of this Committee but shall not chair such Committee.

The Committee will meet at such intervals as deems fit to carry out the objectives set out in the Policy. A quorum of two members is required to be present for the proceedings to take place. The Committee members may attend the meeting physically or via permitted audio-visual mode, subject to the provisions of the applicable Regulations. The Committee shall have the authority to call such employee(s), senior official(s) and / or externals, as it deems fit. The Company Secretary shall act as Secretary to the Committee.

### **2.2. Composition**

The Committee shall consist of three or more non- executive directors out of which not less than one-half shall be independent directors.

Provided that the chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.

### **2.3. Functions of the Nomination and Remuneration Committee**

---

The Nomination and Remuneration Committee shall, inter-alia, perform the following functions:

1. Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
2. 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
3. formulation of criteria for evaluation of performance of independent directors and the board of directors;
4. devising a policy on diversity of board of directors:
5. 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.
6. Recommend to the board, all remuneration, in whatever form, payable to senior management.

### **3. Applicability**

---

This Policy is applicable to:

1. Directors viz. Executive, Non-executive Independent
2. Key Managerial Personnel
3. Senior Managerial Personnel.

### **4. Term / Tenure**

---

#### **Managing Director / Whole-time Director**

---

The Company shall appoint or re-appoint any person as its Executive Director, Managing 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.

### **5. Removal**

---

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions of the Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any...

### **6. Retirement**

---

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act/Regulations 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.

### **7. Remuneration to Executive / Managing Director**

---

#### **Remuneration We can delete this also**

---

The Managing Director shall be eligible for remuneration as may be approved by the Shareholders of the Company on the recommendation of the Committee and the Board of Directors. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and shall be within the overall remuneration approved by the shareholders. In case of inadequacy of profits or loss the remuneration to the managing director will be paid as per provisions of Schedule V of the Companies Act, 2013 wherever required.

#### **Minimum Remuneration**

---

If, in any financial year, the Company has no profits or its profits are inadequate, the Company may pay remuneration to its Managing Director as minimum remuneration in accordance with the provisions of the Companies Act, 2013 .

## **Provisions for excess remuneration**

---

If Managing Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

## **8. Remuneration to Non-executive / Independent Director**

---

### **Sitting Fees**

---

The Non-executive Independent Directors of the Company shall be paid sitting fees as per the applicable Regulations and no sitting fee is paid to Non-executive Non Independent Directors. The quantum of sitting fees will be determined as per the recommendation of Nomination and Remuneration Committee and approved by the Board of Directors of the Company.

### **Stock Options**

---

Pursuant to the provisions of the Act, an Independent Director shall not be entitled to any stock option of the Company. Only such employees of the Company and its subsidiaries as approved by the Nomination and Remuneration Committee will be granted ESOPs.

## **9. Dissemination**

---

The details of the Policy and the evaluation criteria as applicable shall be published on Company's website and accordingly disclosed in the Annual Report as part of Board's report therein.

## **10. Amendments to the Policy**

---

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Place: Mumbai

Date: 18<sup>th</sup> May, 2019