

Zydus Wellness Limited

[CIN L15201GJ1994PLC023490]

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**Nomination and Remuneration Policy approved by the Board of
Directors at their meeting held on 14th July, 2014**

Preamble:

The Board of Directors of Zydus Wellness Limited [“Zydus Wellness” or “the Company”] at its meeting held on 7th February, 2013 formed a Remuneration Committee. The Committee was renamed as “Nomination and Remuneration Committee” with effect from 15th May, 2014. The Committee comprises of five members out of which three members are Independent Directors and two members are Non-Executive Directors.

Objective and references:

The policy will provide guidance and restrictions for the appointment and compensation of Directors, Key Managerial Personnel and other Senior Management Personnel.

The key objectives of the Committee would be:

- i. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management Personnel,
- ii. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board and
- iii. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management Personnel.

This policy has been framed in compliance of the provisions of section 178 of the Companies Act, 2013 and Rules made thereunder and clause 49 of the Listing Agreement entered with the Stock Exchanges, where the securities of the Company are listed.

Definition:

A. Key Managerial Personnel:

Key Managerial Personnel means –

- i. Chief Executive Office or the Managing Director or the Manager,
- ii. Whole Time Director,
- iii. Chief Financial Officer,
- iv. Company Secretary and
- v. Such other officer as may be prescribed.

B. Senior Management Personnel:

Senior Management Personnel means –

Personnel of the Company, who are part of its core management team excluding the Board of Directors. This would also include all members of management one level below the Executive Director, including all functional heads.

Application of this Policy:

Directors, Key Managerial Personnel and Senior Management Personnel as may be decided by the Committee or Board of the Company, subject to the approval of shareholders in the General Meeting for their respective appointment, wherever applicable, and subject to the provisions of Companies Act, 2013 shall be remunerated in line with the service agreements.

Constitution of the Nomination and Remuneration Committee:

The Board at its meeting held on 15th May, 2014 constituted the Nomination and Remuneration Committee and the following are the members of the Committee.

Sr. No.	Name of the Member	Position
1.	Mr. Humayun Dhanrajgir	Chairman
2.	Dr. Sharvil P. Patel	Member
3.	Dr. B. M. Hegde	Member
4.	Mr. Ganesh N. Nayak	Member
5.	Prof. Indiraben J. Parikh	Member

Policy Custodian:

Mr. Dhaval N. Soni, Compliance Officer of the Company shall be the Policy Custodian.

Related Policies and Legislation:

Code of Conduct and Ethics for Directors and Senior Management Personnel of the Company, as approved by the Board of Directors of the Company.

Approving Authority:

This policy has been approved by the Chairman, Nomination and Remuneration Committee.

General Policy Statement:

This Policy is performance driven and is structured to motivate the Directors and the employees of the Company, recognize their merits and achievements and promote excellence in their performance. Individual performance pay is determined by Business or Functional Heads through annual appraisal process, jointly with HR Head. The Company endeavours to attract, retain, develop and motivate high performance employees which will ensure long term sustainability of the Company and create a competitive advantage.

Role of the Nomination and Remuneration Committee:

The Committee will perform based on the following:

- i. To identify the persons, who are qualified to become Directors of the Company or who may be appointed in Senior Management,
- ii. To recommend to the Board, appointment and removal of the Director[s] and evaluation of each Director's performance,
- iii. To formulate criteria for determining qualifications, positive attributes and independence of a Director,
- iv. To review on annual basis the compensation to the Non-Executive Directors, Key Managerial Personnel and Senior Management Personnel and recommend to the Board the remuneration and incentive payable to each of them,

- v. Ensure that level and composition of remuneration is reasonable and sufficient, its relationship with performance is clear and meets appropriate performance benchmarks,
- vi. To develop and review the succession plan for the Board.

Membership, Chairman and Secretary:

- i. The Committee shall consist of a minimum 3 Non-Executive Directors, majority of them shall be Independent Directors,
- ii. The presence of minimum two members of the Committee shall constitute a valid quorum,
- iii. The Chairman of the Committee shall always be an Independent Director,
- iv. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to be the Chairman for that meeting,
- v. The Company Secretary of the Company shall act as the Secretary to the Committee.

Duties for Nominations:

The duties of the Committee in relation to nomination matters include:

- i. Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management Personnel and reviewing its effectiveness,
- ii. Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the provisions of Companies Act, 2013 and the Listing Agreement,
- iii. Determining the appropriate size, diversity and composition of the Board,

- iv. Selecting new Directors for appointment on the Board in a transparent manner,
- v. Reviewing succession of the Board and Senior Management Personnel on regular interval,
- vi. Reviewing the performance of the Board and Senior Management Personnel to achieve the Company's business goals.

Duties for Remuneration:

The duties of the Committee in relation to remuneration matters shall include:

- i. To ensure that the remuneration is reasonably and sufficiently paid in order to attract, retain and motivate the Board members, based on the performance of the Company and such other factors as the Committee shall deem appropriate,
- ii. To review and recommend the remuneration of Key Managerial / Senior Management Personnel maintaining a balance between fixed and incentive pay based on the working of the Company,

Overall remuneration to the Directors:

The overall remuneration to all Directors shall not exceed 11% of the net profits of the respective financial year and the remuneration and / or commission to the Executive and Non-Executive Directors shall be paid in accordance with the approval of the shareholders. The sitting fees to Non-Executive Directors shall not be part of the overall remuneration under this Para.

Expenses incurred for attending meetings:

The Company shall make an arrangement and pay the amount towards hotel accommodation, air/other travel, any transportation cost, etc. for Directors, while attending any Board or Committee meeting. If any arrangement is made by the respective Director, the Company shall immediately reimburse the amount spent on submission of original bills, vouchers and receipts. The Company Secretary and Compliance Officer shall be authorised for incurring such expenditure or reimbursing the expenses, as the case may be.

Payment of Sitting Fees to the Non-Executive Directors:

The Company shall pay sitting fees to the Non-Executive Directors for attending Audit Committee and Board meetings only. The Nomination and Remuneration Committee shall recommend to the Board any increase in the payment of sitting fees, within the permissible limits and subject to such approvals as may be required under the Companies Act, 2013 or the Listing Agreement.

Payment of Remuneration to Executive Directors:

The Company shall pay remuneration to Managing / Deputy Managing Directors as per their respective terms of appointment approved by the shareholders within the limits prescribed under the Companies Act, 2013. The Nomination and Remuneration Committee will recommend the remuneration payable to the Managing Director to the Board. At the end of tenure of appointment of any Independent Director and the Managing Director, the Committee will recommend to the Board the broad terms and conditions and remuneration payable to them, which will be subject to the provisions of applicable law and approval of shareholders at a General Meeting.

The Board of Directors while approving the remuneration payable to the Executive / Non-Executive Directors shall consider the recommendations of the Nomination and Remuneration Committee.

Minutes of the Committee Meetings:

The Company Secretary shall record the proceedings of the meetings of the Committee and circulate the draft to the members of the Committee within 15 days. The minutes recorded in the minute book, shall be signed by the Chairman of the respective meeting or the Chairman of the next Committee Meeting.