



SAHAJANAND MEDICAL TECHNOLOGIES LIMITED

NOMINATION AND REMUNERATION POLICY

Name	Nomination and Remuneration Policy
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Introduction

The Board of Directors (**“the Board”**) of Sahajanand Medical Technologies Limited (**“the Company”**) have adopted this Nomination and Remuneration Policy (**“the Policy”**) in accordance with the provisions of Section 178(3) of the Companies Act, 2013 read with rules made thereunder and any amendments made thereof (**“Act”**), and as per the Regulation 19 read along with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (**“Listing Regulations”**)

Objectives of this Policy are to

- define processes which enable identification of individuals who are qualified to become Director of the Company and who may be appointed as Key Managerial Personnel (**“KMP”**) and/or in Senior Management and recommend to the Board their appointment (including remuneration payable, in whatever form) and removal from time to time;
- formulate the criteria for determining qualifications, competencies, positive attributes and independence for Director; and
- determine remuneration of Directors, KMP, Senior Management and other employees, keeping in view all relevant factors including industry trends and practices, reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company.

Scope

This Policy does not cover temporary or contractual employees, trainees, apprentices, consultants engaged on a retainer basis or otherwise and casual labour.

Definitions

- a) **‘Board’** means Board of Directors of the Company.
- b) **‘Director’** means executive, non-executive and independent director of the Company.
- c) **‘Group Companies’** means domestic and foreign subsidiary and associate companies including step down subsidiary companies of the Company.
- d) **‘Key Managerial Personnel’** (**“KMP”**) in relation to Company means:
 - a. Chief Executive Officer or Managing Director;
 - b. Chief Financial Officer;
 - c. Company Secretary;
 - d. Whole-time Director



- e) **'Senior Management'** shall mean the officers and personnel of the Company who are members of its core management team, excluding the Board of Directors and shall also comprise all the members of the management one level below the Chief Executive Officer/ Managing Director / Whole-Time Director and shall specifically include the functional heads, by whatever name called and the persons identified and designated as Key Managerial Personnel, other than the board of directors, by the Company.

Interpretations

All the words and expressions used herein and not defined shall have the same meaning as ascribed to them in the Act, Listing Regulations, SEBI Act, 1992, as amended or rules and regulations made thereunder and any other relevant legislation applicable to the Company.

Appointment of Directors

The Nomination and Remuneration Committee ("**NRC**" / "**Committee**") shall be responsible for identifying a suitable candidate for appointment as Director of the Company and recommend the same to the Board.

While evaluating a person for appointment/ re-appointment as a Director, the Committee shall consider and evaluate following factors:

- Proposed director shall possess the highest ethics, integrity and value;
- He/She shall have relevant professional experience & functional expertise;
- He/She shall be free from any disqualifications as stipulated under the Act as well as the Listing Regulations;
- Background (professional, cultural and geographical), knowledge, skills, ability to exercise sound judgement, personal accomplishments, positive attributes, etc.;
- Nationality, gender, age, experience and understanding of the sector, industry, marketing, technology, finance and other disciplines relevant to the business;

In designing the Board's composition, Board diversity shall be considered. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

For every appointment of an independent director, the 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. For the purpose of identifying suitable candidates, the Committee may:

- a. use the services of an external agencies, if required;
- b. consider candidates from a wide range of backgrounds, having due regard to diversity;
and
- c. consider the time commitments of the candidates.

An independent director may also be selected from a data bank containing names, addresses and qualifications of persons who are eligible in terms of the provisions of the Act and willing



to act as an independent director, maintained by any body, institute or association, as notified by the Central Government.

Appointment of Managing Director to be ensured in terms of the provisions of the Act and the Listing Regulations.

Necessary evaluation of the performance of each of the directors to be carried out by the Committee and the Board based on the approved evaluation criteria.

The Company shall periodically organise sessions for directors (non-executive and independent directors), to apprise them with the business operations of the Company and to also let them know their roles, rights and responsibilities in the Company to enable them to make effective contribution.

Remuneration/ Compensation of non-executive and independent directors

Non-executive and independent directors (“NEDs”) shall be paid remuneration by way of sitting fees for attending the meetings of the Board and committees of which they may be members and/ or commission. In case of loss or inadequate profit, during any financial year, NEDs may receive compensation for the services rendered subject to the compliance of applicable provisions of the Act, Listing Regulations and Articles of Associations of the Company. The quantum and frequency of the remuneration / compensation to the NEDs shall be determined by the Board based on the recommendations of Committee.

The sitting fees payable to NEDs for attending the Board and committee meetings shall be fixed, subject to the statutory ceiling. The fee shall be reviewed periodically and aligned to comparable best in class companies.

The directors (except independent directors) of the Company and/or its Group Companies shall be eligible to receive stock options under the stock option scheme (“ESOPs”) of the Company.

NEDs are entitled to be paid all travelling and other expenses they incur for attending to the Company’s affairs, including attending meetings of the Company.

The remuneration payable by the Company to NEDs shall be subject to the conditions specified in the Act and Listing Regulations including terms of monetary limits, approval and disclosure requirements.

Remuneration of Executive Director

The compensation paid to the executive directors (including managing director and whole-time director(s)) shall be within the scale approved by the members of the Company. The elements of the total compensation, approved by the Committee shall be within the overall limits specified under the Act and Listing Regulations.



The elements of compensation of executive director include Basic Salary HRA, Transport allowance, Medical Allowance, Other Allowances, etc., as may be approved by the Board based on the recommendation of the Committee.

The NRC shall determine the annual variable pay compensation in the form of annual incentive and annual increment for the executive director based on Company's and individual's performance as against the pre-agreed objectives for the year.

The executive directors, except for promoter directors, shall also be eligible for ESOPs as per the ESOP scheme in force from time to time. Grants under the ESOP scheme shall be approved by the NRC.

In case of inadequacy of profit in any financial year, the remuneration payable to the executive directors shall be further subject to the relevant provisions of the Act and Listing Regulations.

Executive directors shall not be paid sitting fees for any Board / committee meetings attended by them.

The remuneration payable by the Company to executive directors shall be subject to the conditions specified in the Act and Listing Regulations including terms of monetary limits, approval and disclosure requirements.

Appointment of KMP or Senior Management

NRC shall identify and recommend to the Board, persons who may be appointed as KMP or Senior Management.

While evaluating a person for appointment/ re-appointment as KMP or Senior Management, the Committee shall consider and evaluate following factors:

- possesses the highest ethics, integrity and value;
- have relevant professional experience & functional expertise;
- background (professional, cultural and geographical), knowledge, skills, ability to exercise sound judgement, personal accomplishments.

The Committee shall also review attrition/ terminations/ replacements/ severance of employments of KMP or Senior Management.

Remuneration of KMP, Senior Management & other employees

The Company's total compensation for KMP, Senior Management and other employees ("**Employees**") may consist of:

1. Fixed compensation
2. Variable compensation in the form of performance bonus
3. Benefits as per Company Policy
4. Work related facilities and perquisites.



In addition, selected Employees may be eligible for long-term incentive plan in the form of ESOPs, as per the ESOP scheme in force from time to time. Grants under the ESOP scheme shall be approved by the NRC.

Fixed compensation shall be 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. Fixed compensation shall include basic salary, housing allowance, leave travel allowance and other allowances.

Based on the grade and seniority, Benefits for Employees may include:

1. Housing
2. Company Car
3. Travel/vacation costs for the selected Employees & his/her family
4. Health insurance
5. Accident and life insurance
6. Retirement benefits as per Company Policy
7. Contribution to statutory benefits such as provident fund account, gratuity, etc.

A formal annual performance management process shall be applicable to all Employees including KMP and Senior Management. Annual increase in fixed compensation of individual executives shall be directly linked to the performance ratings of individual.

Overall compensation shall be subject to periodic reviews which takes into account their performance, as well as factors such as affordability based on the Company's performance and the economic environment.

Employees may be eligible for severance payments in accordance with the termination clause in their employment agreement, subject to applicable regulatory requirements.

Committee Members Interest

A member of the Board/ NRC and KMP shall not entitled to participate in the discussions when his/her own remuneration is discussed at a meeting or when his/her performance is being evaluated.

The NRC may invite such employees, as it considers appropriate, to be present at the meetings of the NRC.

Disclosure

The Policy shall be uploaded on the website of the Company at www.smtpl.com and the salient features of the Policy and the changes therein, if any, with the web link thereto shall be provided in the Annual Report.



Policy Review

- i) This Policy is framed based on the provisions of the Act or the Listing Regulations. In case of any subsequent changes in the provisions of the Act or the Listing Regulations, which makes any of the provisions in the Policy inconsistent with the Act & Listing Regulations, then the provisions of the Act or the Listing Regulations would prevail over the Policy.
- ii) Any change, amendment, or addition to this Policy shall require prior approval of the NRC and the Board. However, the Company Secretary is authorized to make amendments to this Policy to give effect to any changes or amendments notified by Ministry of Corporate Affairs and the Securities and Exchange Board of India. Such amendments shall be placed before the NRC and the Board for noting and ratification at its subsequent meeting.
- iii) The Company Secretary in coordination with Chief Financial Officer of the Company shall review this Policy periodically and recommend any proposed changes to the NRC and Board for approval.

Limitation

In the event of any conflict between the provisions of this Policy and the Listing Regulations or the Act or any other relevant legislation/ regulation applicable to the Company, the provisions of the Listing Regulations or the Act or such other relevant law / regulation shall prevail over this Policy.
