INNEFU LABS LIMITED
(FORMERLY KNOWN AS INNEFU LABS PRIVATE LIMITED)

NOMINATION AND REMUNERATION POLICY

Version: 1.0
Approved By: Board of Directors
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NOMINATION AND REMUNERATION POICY

1. INTRODUCTION

This nomination and remuneration policy ("**Policy**") has been formulated by the Company's Nomination and Remuneration Committee ("**Committee**") and approved by the Board of Directors in terms of the provisions of Section 178 of the Companies Act, 2013 and the rules made thereunder ("**Act**") to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance objectives of the Company.

The primary function of the Nomination and Remuneration Committee is to assist the Board of Directors in fulfilling its governance and supervisory responsibilities relating to human resource management and compensation.

2. OBJECTIVE AND PURPOSE OF THE POLICY

The Key Objectives of this Policy are:

i. Guiding and recommending the Board in relation to appointment and removal of Directors, Key Managerial Personnel (KMPs) and Senior Management Personnel (SMPs) and to ensure that such appointments and removals, as the case may be, are in compliance with applicable provisions of the Act;

ii. To set out criteria for the remuneration, in whatever form including ESOPs, to the Directors, KMPs and SMPs;

iii. To set out the criteria for evaluation of performance to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency of (a) Board as a whole; (b) Committees of the Board; and (c) the individual Directors including the Chairperson and the Independent Directors;

iv. To adopt best practices to attract and retain talent by the Company and to ensure long term sustainability of talented managerial personnel and create competitive advantage;

v. To set out criteria for the remuneration of such other Employees of the Company as Nomination and Remuneration Committee may deem fit.

3. APPLICABILITY

This Policy is applicable to:

i. Directors (Executive, Non-Executive and Independent), other than Nominee Directors;
ii. Key Managerial Personnels;
iii. Senior Management Personnels and
iv. Other employees as may be decided by the Nomination and Remuneration Committee.

4. DEFINITIONS

1. "Board" means the Board of Directors of the Company.

2. "Company" means **"Innefu Labs Limited" (formerly known as Innefu Labs Private Limited).**

3. "Independent Director" means a Director referred to in Section 149(6) of the Act, who has been appointed as such and who satisfies the criteria and conditions laid down in the Act.

4. "Key Managerial Personnel" or **"KMP"** means Key Managerial Personnel as defined under Section 2(51) of the Act and the Rules made there under.

5. "Nomination and Remuneration Committee" or "Committee" shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act.

6. "Policy" or "This Policy" means, **"Nomination and Remuneration Policy**."

7. "Senior Management Personnel" or "SMP" means Senior Managerial Personnel as may be identified/designated by the Company/Whole-time Directors from time to time.

8. "**The Act**" means The Companies Act 2013 and the rules made thereunder.

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

5. CONSTITUTION OF NOMINATION AND REMUNERATION COMMITTEE

The constitution of the Nomination and Remuneration Committee shall be in accordance with the Act. The Board has authority to reconstitute this Committee from time to time.

6. APPOINTMENT AND REMOVAL OF DIRECTOR, KMPs AND SMPs

A. APPOINTMENT CRITERIA AND QUALIFICATIONS

Subject to the applicable provisions of the Act read with the rules made thereunder, and other applicable laws, if any and applicable policy of the Company, the Committee shall work with the Board to determine the appropriate characteristics, skills and experience for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience in business, government, education and public service. Characteristics expected of all Directors include independence, integrity, high personal and professional ethics, sound business judgment, ability to participate constructively in deliberations and willingness to exercise authority in a collective manner.

i. A person in order to be eligible for appointment as Independent Director, shall fulfill the criteria of Independence as defined in the Act. Further 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 and recommend the same to the Board of Directors. To 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.

ii. The potential candidate should possess adequate qualifications, experience and expertise for Appointment to the position of Directors, KMP’s and SMP’s. The Committee has discretion to decide the adequacy of qualification, expertise and experience for the concerned position.

iii. Letter of Appointment shall be issued based on the recommendations of the Committee on the basis of guidelines for the same under the Act and the Company's Policy.

iv. The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager/who has attained the age of seventy years. Provided that the term of any Director may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

v. The maximum number of public Companies in which a person can be appointed as a director shall not exceed the maximum number as prescribed under the Act. For reckoning the limit of public Companies in which a person can be appointed as Director, directorship in private Companies that are subsidiary Company of a public Company shall be included.

B. TERM/ TENURE

1. Managing Director / Whole-time Director / Manager (Managerial Personnel)

The Company shall appoint or re-appoint any person as its Managing Director/Whole-time Director/Manager 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.

2. Independent Director

i. Subject to approval from the Board of Directors and Shareholders of the Company at General Meeting 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 Board's Report.

ii. No Independent Director shall hold office for more than two consecutive terms, 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.

C. REMOVAL

Due to reasons for any disqualification mentioned in the Act, rules made thereunder or under any other applicable laws, the Committee may recommend to the Board with reasons recorded in writing for removal of a Director, KMP, SMP subject to the provisions and compliance of the Act and/ or any other applicable laws, for the time being in force.

D. RETIREMENT

The Director, KMP and SMP 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, and SMP in the same position/ remuneration or otherwise even after attaining the retirement age, in the interest and for the benefit of the Company.

7. PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSONNEL, KMPs, SMPs AND OTHER EMPLOYEES

1. REMUNERATION TO EXECUTIVE DIRECTORS AND KMPs PROVISIONS AND FACTORS

i. The remuneration/compensation/commission etc. to Executive Directors and KMPs will be determined by the Committee and recommended to the Board for approval.

ii. In terms of provisions of Act and rules made thereunder, the remuneration/ compensation/commission etc. to Executive Directors may be subject to the approval of the shareholders of the Company.

iii. Increments to the existing remuneration/compensation structure of Executive Directors and KMPs shall be recommended by the Committee to the Board. In case of Directors, increments should be within the limits approved by the Shareholders.

iv. Where any insurance is taken by the Company on behalf of its Executive Directors and KMPs for indemnifying them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

v. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive Directors in accordance with the provisions of Schedule V of the Act.

While determining the remuneration of the Executive Directors, following factors shall be considered:

a. Market competitive (market for every role is defined as Companies from which the Company attracts talent or Companies to which the Company loses talent);
b. Based on the role played by the individual in managing the Company including responding to the challenges faced by the Company;
c. Reflective of size of the Company, complexity of the sector/ industry/Company's operations and the Company's capacity to pay;
d. Consistent with recognized best industry practices.

FIXED PAY

a. Executive Directors and KMPs shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Act, read with the rules made thereunder, for the time being in force.

b. In addition to the fixed basic pay, Executive Directors and KMPs shall also be eligible for perquisites, allowances and benefits as per Company policy within the Board approval.

VARIABLE COMPONENTS

The Executive Directors and KMPs may be paid performance linked variable pay which will be based upon the individual and Company performance for the year.

2. REMUNERATION TO NON-EXECUTIVE/ INDEPENDENT DIRECTOR

The remuneration/commission payable to Non-Executive/Independent Director shall be in accordance with the statutory provisions of the Act read with the rules made thereunder, for the time being in force, including in terms of monetary limits, approval and disclosure requirements.

SITTING FEES

The Non- Executive/Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof as approved by the Board on the recommendation of the Committee.

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.

STOCK OPTIONS/ESOP

An Independent Director shall not be entitled to any stock option of the Company. The grant of ESOPs to the eligible employees, other Directors etc. shall be as per process/criteria/approvals prescribed under ESOP Plan of the Company.

3. REMUNERATION TO SMPs

The remuneration payable, including increase in remuneration of SMPs shall be as determine by the Whole-time Directors from time to time.

Where any insurance is taken by the Company on behalf of its SMPs for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

The SMPs shall be eligible for a fixed monthly remuneration, and perquisites, allowances as per Company policy, the SMPs may be paid performance linked variable pay which will be based upon the individual and Company performance for the year.

4. REMUNERATION TO OTHER EMPLOYEES

The compensation for other employees would be as per the compensation norms of the Company, from time to time, and approved by the Whole Time Director(s) of the Company.

5. PROVISIONS FOR EXCESS REMUNERATION

a. If any Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the approval required under the Act, he/she shall refund such sums to the Company, within two years or such lesser period as may be allowed by the Company, and until such sum is refunded, hold it in trust for the Company.

b. The Company may waive recovery of such sum refundable to it with the approval of the shareholders by special resolution within two years from the date the sum becomes refundable and such other approvals, as may be required under the Act.

8. CRITERIA FOR EVALUATION OF PERFORMANCE OF INDEPENDENT DIRECTOR AND THE BOARD OF DIRECTORS

In compliance with the provisions of the Act, Board shall evaluate its own performance along with that of its Committees. Further, performance evaluation of all Directors shall be carried by the Nomination and Remuneration Committee, which shall be reviewed by the Board. The Directors including Independent Director(s) may, inter alia, be evaluated on the basis of the following criteria i.e., whether they:

a) Act objectively and constructively while exercising their duties;
b) Exercise their responsibilities in a bona fide manner in the interest of the Company;
c) Devote sufficient time and attention to their professional obligations for informed and balanced decision making;
d) Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company;
e) Where they have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
f) Do not abuse their position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
g) Refrain from any action that would lead to loss of his/her independence;
h) Inform the Board immediately when they lose their independence,
i) Assist the Company in implementing the best corporate governance practices;

j) Strive to attend all meetings of the Board of Directors and the Committees, as the case maybe;
k) Participate constructively and actively in the Committees of the Board in which they are chairpersons or members;
l) Strive to attend the Board, Committee and general meetings of the Company;
m) Keep themselves well informed about the Company and the external environment in which it operates;
n) Do not to unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
o) Not to disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law;
p) Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest; and
q) Abide by Company's memorandum and articles of association, Company's policies and procedures including code of conduct etc.

9. POLICY REVIEW AND AMENDMENT

In case of any subsequent changes in the provisions of the Act or any other applicable regulations, for the time being in force, which makes any of the provisions of the policy inconsistent with the Act, then the provisions of the Act would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with applicable law.

The Nomination and Remuneration Committee shall review this Policy from time to time and recommend suitable changes as may be required for the approval of the Board.