

NOMINATION AND REMUNERATION POLICY



Version	Approved by	Approved On	Effective From
Version 1.0	Board of Directors	May 13, 2021	May 13, 2021
Version 2.0	Board of Directors	February 12, 2025	February 12, 2025

NOMINATION AND REMUNERATION POLICY

1. INTRODUCTION

Krsnaa Diagnostics Limited (“Company”) has formulated this policy to provide a framework for the nomination, evaluation and remuneration of members of the board of directors of the Company (“Board”), key managerial personnel (“KMPs”), and other employees of the Company (“Policy”).

This Policy is guided by the principles and objectives as enumerated in Section 178 (3) of the Companies Act, 2013 and the rules made thereunder, each as amended (“Act”) and Regulation 19 read 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”), 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 of the Company.

This Policy reflects the remuneration philosophy and principles of the Company and considers the pay and employment conditions with peers / competitive market to ensure that pay structures are appropriately aligned.

2. OBJECTIVE

- I. The Committee shall formulate criteria and review them on an ongoing basis, for determining qualifications, skills, expertise, qualities, positive attributes required to be a Director of the Company. The criteria to be formulated need not be only beneficial to the Company but also will need to consider the qualities, including independence for Independent Directors, and expertise essential for the Company to operate going forward and in changing business environment.

Following is the criteria recommended by the Committee and approved by the Board for nominating

- a) composition of the Board, taking into consideration the size of the Company and consistent with the requirement of law;
- b) diversity on the Board;
- c) term of appointment of Independent Director;
- d) optimal balance of skills and relevant experience and professional qualifications;
- e) expertise and experience in specific area of business;
- f) no present or potential conflict of interest;
- g) availability of time and other commitments for proper performance of duties;
- h) personal characteristics in line with the Company’s values, such as integrity, honesty, and transparency;
- i) remuneration of Board, Key Managerial Personnel and other employee(s); and

j) any other criteria which may be added by the Board at its discretion.

II. Identification and Nomination of the relevant candidate for Board approval

The Committee shall identify persons who are qualified to become Directors and who satisfy the above criteria. The existing Directors who continue to satisfy the criteria may also be considered by the Committee for re-appointment. The re-appointment of Directors shall be recommended by the Committee after taking into consideration the performance of such a Director.

The Committee on satisfaction of a potential candidate meeting the criteria and having completed the identification and selection process, will recommend such persons' candidature to the Board for appointment as a Non- Executive Director or Independent Director or Executive Director, as the case may be.

III. The Committee shall also periodically review the performance of the Directors and recommend to the Board for the appointment and removal of Directors.

3. EVALUATION

The Committee shall also evaluate the Board, KMPs, other Board Committees and the individual Directors based on the performance evaluation policy as approved by the Board from time to time.

4. DEFINITIONS

Unless otherwise specified in this Policy, the following terms shall bear the meanings respectively assigned to them herein

"Board" or "Board of Directors" means the board of directors of the Company.

"Director" means Director of the Company appointed in accordance with the Companies Act, 2013.

"Committee" means Nomination and Remuneration Committee including Compensation Committee of the Company as constituted or reconstituted by the Board, from time to time.

"Company" means Krsna Diagnostics Limited.

"Independent Director" as defined in Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

"Key Managerial Personnel" as defined in Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

"Senior Managerial Personnel" as defined in Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

"Policy or "This Policy" means, the "Nomination & Remuneration Policy."

Words and expressions used and not defined in this Policy shall have the meaning as described in the SEBI Listing Regulations, the Securities and Exchange Board of India Act, 1992, as amended, the Securities Contracts (Regulation) Act, 1956, as amended, the Depositories Act, 1996, as amended, or the Companies Act, 2013 and rules and regulations made thereunder.

5. BOARD DIVERSITY

The Board of Directors may have the combination of Directors from the different areas / fields like production, Management, Quality Assurance, Finance, Sales and Marketing, Supply chain, Research and Development, Human Resources etc. or as may be considered appropriate.

6. REMUNERATION

- i. The Committee will recommend the remuneration to be paid to the Executive Director, Non-Executive Director, Independent Director, Key Managerial Personnel, Senior Management Personnel to the Board for their approval
- ii. The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate Directors, Key Managerial Personnel and Senior Management Personnel of the quality required to run the Company successfully. The relationship of remuneration to performance should be made clear and should meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

7. REMUNERATION OF NON-EXECUTIVE AND INDEPENDENT DIRECTORS

- i. Non-executive and Independent Directors (“NEDs”) will be paid remuneration by way of sitting fees and commission. The remuneration/ commission/ compensation to the NEDs will be determined by the Committee and recommended to the Board for its approval.
- ii. As approved by the shareholders at the shareholders meeting the commission, if any will be paid to the NEDs at a rate not exceeding 1% per annum of the profits of the Company computed in accordance with Section 198 of the Act. The commission to be paid will be restricted to a fixed sum within the above limit annually on the basis of their tenor in office during the financial year.
- iii. The payment of the commission, if any to the NEDs will be placed before the Board every year for its consideration and approval. The sitting fee payable to the NEDs for attending the Board and Compensation Committee meetings will be fixed, subject to the statutory ceiling. The fee will be reviewed periodically and aligned to comparable best in class companies.
- iv. NEDs will not be eligible to receive stock options under the existing and future employee stock option scheme(s) (“ESOP”) of the Company unless permitted by the Act and Regulations.

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

8. REMUNERATION OF EXECUTIVE DIRECTOR

- i. The compensation paid to the Executive Directors (including Managing Director) will be within the scale approved by the shareholders. The elements of the total compensation, approved by the Compensation Committee will be within the overall limits specified under the Act.
- ii. The elements of compensation of the executive director will be decided by the Board from time to time.
- iii. The Committee will 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.
- iv. The executive directors, except for a promoter director, will 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 Committee.
- v. In case of inadequacy of profit in any financial year, the remuneration payable to the executive director shall be further subject to the relevant provisions of the Act.
- vi. Executive directors will not be paid sitting fees for any Board/ committee meetings attended by them.
- vii. The remuneration payable by the Company to the executive directors shall be subject to the conditions specified in the Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

9. REMUNERATION TO KEY MANAGERIAL PERSONNEL / OTHER EMPLOYEES

- i. The Company's total compensation for Key Managerial Personnel as defined under the Act / other employees will consist of:
 - fixed compensation
 - variable compensation in the form of annual incentive
 - benefits
 - work related facilities and perquisites

- ii. In addition, selected employees will 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 will be approved by the Committee.
- iii. Fixed compensation will 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 of the employee. Fixed compensation will include basic salary, housing allowance, conveyance allowance, other allowances, contribution to PF and as such other allowances as required from time to time.
- iv. The annual incentive (variable pay) of executives will be linked directly to the performance of the Company
- v. Based on the grade and seniority of employees, benefits for employees include:
 - Health-Related
 - Health (hospitalization) insurance
 - Accident insurance
 - Other Statutory benefits such as gratuity, etc.
- vi. Employees will also be eligible for work related facilities and perquisites as may be determined through human resources policies issued from time to time based on the grade of the employee.
- vii. A formal annual performance management process will be applicable to all employees, including senior executives. Annual increases in fixed and variable compensation of individual executives will be directly linked to the performance ratings of individual employee.
 - Overall compensation shall be subject to periodic reviews which takes into account data from compensation surveys conducted by specialist firms if required, as well as factors such as affordability based on the Company's performance and the economic environment.
 - Employees may be eligible for ESOPs as per the ESOP scheme approved by the shareholders and in force from time to time. The objective of the ESOP scheme 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.
 - Employees may be eligible for severance payments in accordance with the termination clause in their employment agreement subject to applicable regulatory requirements.

10. AMENDMENTS

The Company is dedicated to regularly assess and update its policies and procedures. Consequently, this policy may be amended from time to time subject to Board approval and in compliance with applicable laws and regulations. This policy and any further modifications/ amendments to the same shall be promptly disclosed on the Company's website and filed in accordance with the applicable laws and regulations.

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.

