JYOTHY LABS LIMITED (FORMERLY KNOWN AS JYOTHY LABORATORIES LIMITED)

Nomination, Remuneration and Compensation Policy

Introduction

The Board of Directors (the "Board") of Jyothy Labs Limited (the "Company) has adopted the following policy and procedures with regard to Nomination and Remuneration/ Compensation. This Policy shall be called as 'Nomination, Remuneration and Compensation Policy'.

Objective

The provisions in the Companies Act, 2013 ("the Act") and corresponding provisions in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") have ushered in a new era of Corporate Governance. The new regime places governance responsibilities on the Board of Directors and Key Managerial Personnel of the Companies.

Considering this it is necessary to ensure quality of persons on the Board of Directors of the Company as well as in the Key Managerial personnel, as these are the persons who are entrusted with the responsibility of policy formulation for, direction to and execution of the business and operations of the Company.

Section 178 of the Act, and Regulation 19 read with Para A of Part D of Schedule II of the SEBI Listing Regulations provide the necessary legal impetus for companies to have a policy and criteria for various matters like the remuneration of Directors, Key Managerial Persons and other employees, training of independent directors and performance evaluation of Directors.

Definitions

"Board or Board of Directors" means the Board of Directors of Jyothy Labs Limited.

"Company" means Jyothy Labs Limited.

"Director" means a person who has been appointed as such on the Board of the Company and includes Executive as well as Non-Executive Directors.

"Executive Director" means a Director who is in the whole-time employment of the Company and includes a Managing Director as well as a Whole time Director.

"Government" includes Central Government as well as any of the State Governments, any statutory authority, tribunal, board or a governmental or semi-governmental authority or any authority or agency recognized by the Government.

"HR Department" means the Human Resource Department of the Company.

"HR Policy" means the Policy of the Company, as may be amended from time to time, defining the criteria and process for the recruitment, training, appraisal etc. and dealing with other matters concerning the employees of the Company.

"Key Managerial Person" means a person appointed as such by the Board under Section 203 of the Act.

"Nomination, Remuneration and Compensation Committee" means the Committee of the Board constituted as such under the provisions of Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations.

"Non-Executive Director" means a Director who is not in the whole time employment of the Company and includes an Independent Director as well as a Promoter Director and a Nominee Director.

"Policy" means Nomination, Remuneration and Compensation Policy.

Contents of the Policy

This Policy contains following:

a) Process for the selection and appointment of Directors, Key Managerial Personnel and other employees;

b) Criteria for determining remuneration of the Directors, Key Managerial Personnel and other employees of the Company;

c) Board Diversity and criteria for the independence, positive attributes, qualifications and experience of directors;

d) Training of independent directors;

e) Performance evaluation of directors and

f) Identification of persons who may be appointed in Senior Management, and the remuneration payable to Senior Management

(I) Selection of Directors, Key Managerial Personnel and other employees

In case of Executive Directors, Key Managerial Personnel and other employees, the selection can be made in either of the ways given below:

a) by way of recruitment from outside;

b) from within the Company hierarchy;

c) Upon recommendation by the Chairman or other Directors; or

d) As per the HR policy of the Company.

The appointment may be made either to fill up a vacancy caused by retirement, resignation, death or removal of an existing Executive Director, Key Managerial Personnel or other employee or it may be a fresh appointment.

In case of Non-Executive Directors the selection can be made in either of the ways given below:

a) By way of selection from the data bank of Independent Directors maintained by the Government.

b) Upon recommendation by Chairman or other Directors.

The appointment may be made either to fill up a vacancy caused by resignation, death or removal of an existing Non-Executive Director or it may be an appointment as an additional director or an alternate director.

(II) Qualifications, Experience and Positive Attributes of Directors

a) While appointing a Director, it shall always be ensured that the candidate possesses appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.

b) In case of appointment as an Executive Director, the candidate must have the relevant technical or professional qualifications and experience as are considered necessary based on the job description of the position. In case no specific qualification or experience is prescribed or thought necessary for the position then, while recommending the appointment, the HR Department shall provide the job description to the Committee and justify that the qualifications, experience and expertise of the recommended candidate are satisfactory for the relevant appointment. In such circumstances, the Committee may call for an expert opinion on the appropriateness of the qualifications and experience of the candidate for the position of the Executive Director.

c) In case of appointment as a Non-Executive Director, the candidate must have a post graduate degree, diploma or a professional qualification in the field of his practice/ profession/ service and shall have not less than five years of working experience in such field as a professional in practice, advisor, consultant or as an employee. Provided that the Board may waive the requirements of qualification and/ or experience under this paragraph for a deserving candidate.

d) The Board, while making the appointment of a Director, shall also try to assess from the information available and from the interaction with the candidate that he is a fair achiever in his chosen field and that he is a person with integrity, diligence and open mind.

(III) Board Diversity and Independence of Directors

While making appointment of Directors, following principles shall be observed by the Board, as far as practicable:

a) There shall be a proper mix of Executive and Non-Executive Directors and Independent and non-independent directors on the Board. The Company shall always be in compliance of the provisions of Section 149 of the Act and Regulation 17 of the SEBI Listing Regulations, as amended from time to time, in this regard.

b) There shall be a workable mix of directors drawn from various disciplines. This means that there shall be a proper mix of directors drawn from various disciplines like technical, finance, commercial, legal etc. The Board shall not at any time be entirely comprised of persons drawn from one discipline or field.

c) While appointing a director to fill in a casual vacancy caused by death, resignation etc. of a director, an effort shall be made, as far as possible, to appoint such a person in his place who has the relevant experience in the fields or disciplines in which the outgoing director had the experience or the person with relevant experience in the fields or disciplines which are not represented in the Board as requisite to Business of the Company.

d) Save as required by law, no preference on the basis of gender, religion or caste shall be given while considering the appointment of directors. The Board shall at all times comply with the provisions of Section 149 of the Act read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, and with Regulation 17 of

the SEBI Listing Regulations, which require the Company to have at least one woman Director, being an Independent Woman Director..

e) Generally, an effort shall be made to maintain the Board diversity with persons from diverse disciplines (relevant to the Company's business), of different age groups and both the genders (male as well as female) inducted as Directors.

f) While appointing independent directors, the criteria for the independent directors, as laid down in Section 149 (6) of the Act, 2013 and regulation 16 (1)(b)of the SEBI Listing Regulations shall be followed.

(IV) Process for Appointment of Directors and Key Managerial Personnel

(A) Process for the Appointment of Executive Directors and Key Managerial Personnel:

a) A proposal for the appointment of an Executive Director/ Key Managerial Personnel shall be filled in and submitted for the consideration of the Board in the format enclosed as **annexure 1** to this Policy.

b) The proposal shall be signed and submitted by the head of HR Department in case the selection is by way of recruitment from outside or from within the Company hierarchy. In case the selection is by way of recommendation by the Chairman or other Directors, the form has to be signed and submitted by such Recommender.

c) The Board shall, based on the information available in the proposal, deliberate upon the necessity for appointment, expertise, skill and knowledge of the candidate and reasonableness of the remuneration.

d) The Board may call and seek the help of the head of HR Department or any other Company Official including the recommender or a Key Managerial Personnel while finalizing the appointment. The recommender shall not take part in the discussion or voting on the appointment of a Key Managerial Personnel.

(B) Process for the appointment of Non- Executive Directors:

a) A proposal for the appointment of a Non-Executive Director shall be filled in and submitted for the consideration of the Board in the format enclosed as **annexure 2** to this Policy.

b) The proposal shall be signed and submitted by the Company Secretary in case the selection of the candidate is from the data bank maintained by the Government. In case of selection on the basis of recommendation by the Chairman or other Directors, the form has to be signed and submitted by such Recommender.

c) The Board, based on the information available in the proposal, shall deliberate upon the necessity for appointment, integrity, qualifications, expertise, skill and knowledge of the candidate.

d) For every appointment of an Independent Director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board of an Independent Director. and recommend such person to the Board for appointment as an Independent Director.

e) The appointment, re-appointment or removal of an Independent Director shall be subject to the approval of the shareholders by special resolution, in terms of Regulation 25(2A) of the SEBI Listing Regulations.

(C) Process for the appointment of other employees:

The process for appointment of other employees shall be in such manner as may be prescribed in the HR Policy of the Company.

(V) Remuneration of Directors, Key Managerial Personnel and other Employees

a) While determining the remuneration of Executive Directors and Key Managerial Personnel, the Board shall consider following factors:

   i) Criteria/ norms for determining the remuneration of such employees prescribed in the HR Policy.

   ii) Existing remuneration drawn.

   iii) Industry standards, if the data in this regard is available.

   iv) The job description.

   v) Qualifications and experience levels of the candidate.

   vi) Remuneration drawn by the outgoing employee, in case the appointment is to fill a vacancy on the death, resignation, removal etc. of an existing employee.

   vii) The remuneration drawn by other employees in the grade with matching qualifications and seniority, if applicable.

b) The determination of remuneration for other employees shall be governed by the HR Policy.

c) The proposal for the appointment of an Executive Director/ Key Managerial Personnel shall provide necessary information (please see annexure 1) in this regard which the Board will consider in arriving at the conclusion as to whether or not the remuneration offered to the candidate is appropriate, reasonable and balanced as to the fixed and variable portions (including the commission).

d) The remuneration payable to the Executive Directors, including the Commission and value of the perquisites, shall not exceed the permissible limits as are mentioned within the provisions of the Act..

e) The Executive Directors shall not be eligible to receive sitting fees for attending the meetings of the Board or committees thereof of the Company and its subsidiary Companies.

f) The Non-Executive Directors shall not be eligible to receive any remuneration/ salary from the Company. However, the Non-Executive Directors shall be paid sitting fees for attending the meeting of the Board or committees thereof and commission, as may be decided by the Board/ Shareholders from time to time.

g) The Non-Executive Directors shall also be eligible to reimbursement of reasonable out-of-pocket expenses incurred by them for attending meetings of Board, Committees or Shareholders, including the travelling and lodging & boarding expenses on an actual basis.

   The amount of sitting fee and commission payable to Non-Executive Directors shall not exceed the limits prescribed there for under the provisions of the Act, 2013 and/ or the SEBI Listing Regulations.

   Explanation : For the purposes of this Policy Remuneration shall mean the Cost to the Company and shall include the salary, allowances, perquisites, performance incentive and any other facility provided or payment made to or on behalf of the employee.

h) Independent Directors shall not be eligible to participate in the ESOP Scheme, if any.

(VI) Training of Independent Directors

The Company shall arrange to provide training to independent directors to familiarize them with the Company, their roles, rights and responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc. Every independent director shall be provided such training within one year of joining the Company. The training may be provided in any of the ways given below:

a) By providing Reading material to the independent director(s) giving all relevant information about the Company, industry and the role of independent directors.

b) An induction program devised for the independent director(s) wherein structured training is provided to the independent director(s) either exclusively or with other officials of the Company who are due for such induction/ training.

c) The independent directors being inducted in by the COO, CFO and the Compliance Officer.

The record of the training provided to the independent directors shall be kept by the Company Secretary in such form and manner as may be deemed fit.

(VII) Performance Evaluation of Directors

1) The performance evaluation of Non-Executive Directors (including independent directors but excluding Nominee Director(s)) shall be carried out by each of the other directors on the Board. It shall be carried out once in every financial year in the manner mentioned hereinafter.

2) The entire process of evaluation shall be carried out in such a way that the collective result of the evaluation is only known to the person evaluated. Each evaluator will be provided with the evaluation sheets whereby they will be asked certain questions about the Director, Board as a whole, Committees of the Board, etc. The evaluator will be required to fill-in the details and rate the performance of the Director, Board as a whole, Committees of the Board, etc. and submit the signed evaluation sheets to the Company Secretary of the Company.

3) The independent directors will be evaluated on six criteria as are mentioned below:
    1) Ethics and Values;
    2) Knowledge and Proficiency;
    3) Diligence;
    4) Behavioural Traits;
    5) Efforts for Personal Development; and
    6) Independence in decision making.

The above six criteria will be further divided in to sub-criteria, not exceeding five for each of the criteria. These will also bring out whether or not a director has necessary positive attributes which are necessary for discharging his duties and responsibilities as the Director of the Company.

4) A rating scale of 5 (five) will be used to give scores for each of the sub criteria:
    1) Outstanding- 5
    2) Very Good- 4
    3) Good- 3

4) Unsatisfactory- 2

5) Poor- 1

5) Each evaluating director will provide scores for each of the independent directors. The evaluating director will give scores for each of the sub-criteria comprising each of the criteria mentioned above. The scores will be based on the rating scale as mentioned in d) above.

6) The evaluator will have to provide reasons for rating score of 1 or 2 and suggestions, if any, for improvement.

7) The final score for each of the independent directors will be arrived at in the manner given below:

   i) The score for each of the criteria will be arrived at by totaling the scores for sub-criteria and dividing them by the number of sub criteria.

   ii) The total score from each evaluator will be arrived at by adding up the scores of all criteria and dividing the total by 5 (five).

   iii) The total score for an independent director will be arrived at by adding the scores from all evaluators and dividing such total score by the number of evaluators.

8) The Chairman will convey the results of the evaluation to the concerned independent director.

9) In case the total score of an independent director is less than or equal to 2, the Chairman shall convey to such independent director the reasons for the score mentioned by the evaluator(s), and suggestions for improvements, if any.

10) If an independent director gets scores of less than or equal to 2 for his whole tenure (as provided under the provisions of the Act), he shall not be eligible for re-appointment for a further term as director of the Company.

11) The Performance Evaluation of the Executive Directors and Key Managerial Personnel shall be carried out by the Independent Directors in the manner mentioned above taking into account the performance against the corporate goals and objectives on the basis of performance parameter set for each Executive Director and Key Managerial Personnel.

(VIII) Performance Evaluation of the Board and its Committees

- There will be an annual evaluation of the performance of the Board and Committees, conducted in each year.
- The annual review shall be conducted preferably at the first meeting of the Financial Year of the Board of Directors/ Nomination, Remuneration and Compensation Committee or at such time as may be decided by majority of the Directors.
- All reviews are to include open discussion by the Board of the results of the evaluations and to decide any changes which are required to be made by the Board to address any lack of performance and to agree the goals for the Board and separately, for its Committees for the ensuing year.
- If particular concerns arise from the evaluation in relation to any individual Director, or Committee, the Chairperson will meet with that Director or Chairperson of that Committee, to discuss the concerns and any actions to be taken as a result. If the concerns relate to the Chairperson, then the Chairperson will discuss the matter as appropriate with the Board.

(IX) Regular feedback

Directors will also be encouraged to provide feedback on a regular basis on the conduct of the Board and Committee meetings and other business, and preparation for them, in order to assist in the continual improvement of the way the Board carries out its role at a 'micro' level. For this purpose, it can be an item on the agenda at the end of each meeting, to the way in which the meeting, or preparation for it, could have been improved, or any other issues of concern to Directors with respect to the conduct of Board business.Amendments

The Board of Directors of the Company shall have the power to amend or substitute any of the provisions of this Policy, or replace this Policy in its entirety with a new Policy.

In case of any amendment in the Act, 2013 or Rules made there under, SEBI Listing Regulations or any other relevant legislation/ law applicable in this regard, this Policy shall automatically stand amended accordingly with immediate effect.

In case of such changes/ amendments, the Secretarial Department will carry out the changes and inform all concerned including the Directors of the Company. Such changes shall also be informed to the Nomination, Remuneration and Compensation Committee and the Board of Directors of the Company in the next meeting.

Interpretation

e) Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made there under, SEBI Act or Rules and Regulations made there under, SEBI Listing Regulations,, or any other relevant legislation/ law applicable to the Company.

f) In case of any dispute or difference upon the meaning/ interpretation of any word or provision in this Policy, the same shall be referred to the Board of Directors and the decision of the Board of Directors in such a case shall be final. In interpreting such term/ provision, the Board may seek the help of any of the officers of the Company or Nomination, Remuneration and Compensation Committee or an outside expert as it deems fit.

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This Nomination, Remuneration and Compensation Policy has received assent of the Board of Directors of the Company on _____ __, 2026 and will be applicable with immediate effect.

Original approved date: May 22, 2014
1st Amendment date: October 22, 2019
2nd Amendment date: May 18, 2021
3rd Amendment date : November 4, 2026

Annexure 1

JYOTHY LABS LIMITED

Proposal Form for the appointment of an Executive Director or a Key Managerial Personnel

Manner of selection (please tick the appropriate option)	a) by way of recruitment from outside; b) from within the Company hierarchy; or c) Upon recommendation by the Chairman or other Executive Director.
Type of appointment (please tick the appropriate option)	a) to fill up the vacancy caused by retirement, resignation, death or removal of an existing Executive Director. b) fresh appointment.
Position and job description in brief.	
Justification, in brief, in case of fresh appointment.	
Name of the candidate.	
DIN of the candidate (in case of appointment as Executive Director).	
Qualifications, including professional qualifications, in brief.	
Experience in years and fields of experience.	
Any achievements, awards, accolades, Citations etc. received.	
Names etc. of the references provided by the candidate and a statement giving the response of such references about the candidate.	
The details and result of net check or such other due diligence check, if any, conducted on the candidate.	
Name of the existing employer and designation of the candidate and duties handled by the candidate currently.	
Existing remuneration drawn by the candidate including the fixed and variable salary and perquisites, in detail.	

Proposed remuneration offered to the candidate including the fixed and variable salary and perquisites, in detail.	
(a) Qualifications, experience and salary drawn by the employees of the Company who are in the same or comparable grade with qualifications and seniority matching with the Candidate. (b) In case of appointment in the vacancy caused by retirement, resignation, death or removal of an existing employee, qualifications, experience and remuneration drawn by such outgoing employee.	
Industry standards citing similar employees in other companies in the same industry and remuneration drawn by them, in case the data is available.	
In case of appointment as Executive Director, whether necessary declarations required to be obtained from a Director prior to his appointment, have been obtained by the Company Secretary.	

Sign:

Name of the submitter / recommender

Designation:

Date

Annexure 2

JYOTHY LABS LIMITED

Proposal Form for the appointment of a Non-Executive Director

Manner of selection (please tick the appropriate option)	a) by way of selection from the data bank of Independent Directors maintained by the Government. b) Upon recommendation by Chairman or other Executive Director.
Type of appointment (please tick the appropriate option)	a) to fill up the vacancy caused by resignation, death or removal of an existing Non-Executive Director. b) appointment as an additional director. c) appointment as an alternate director.
Name of the candidate.	
DIN of the candidate.	
Qualifications, including professional qualifications, in brief.	
Experience in years and fields of experience.	
Any achievements, awards, accolades, Citations etc. received. Names etc. of the references provided by the candidate and a statement giving the response of such references about the candidate.	
The details and result of net check or such other due diligence check conducted on the candidate.	
Whether necessary declarations required to be obtained from a Director prior to his appointment, have been obtained by the Company Secretary.	

Sign:

Name of the submitter / recommender

Designation:

Date: