

Haleos Labs Limited

(Formerly known as "SMS Lifesciences India Limited")

Criteria for making payments to Non-Executive Directors

Introduction

Regulation 34 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Schedule V, requires every Company to publish its criteria of making payments to Non- Executive Directors in its annual report. Alternatively, as per Regulation 46 (2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, this may be put up on the Company's website and reference may be drawn thereto in its annual report.

This criteria's shall be available at the website of the Company at haleoslabs.com/policies

Further, pursuant to Section 197 of the Companies Act, 2013 and Regulation 17(6) (a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 require the prior approval of the shareholders of a Company for making payment to its Non-Executive Directors (**NEDs**). However, the requirement of obtaining prior approval of shareholders in general meeting shall not apply to payment of sitting fees to NED, if made within the limits prescribed under Companies Act, 2013.

Accordingly, the following criteria is laid down for Haleos Labs Limited ("**Company**"). In keeping with the above, any fee/remuneration payable to the NEDs of the Company shall abide by the following:

Remuneration to Non- Executive / Independent Director:

✚ Sitting Fees:

The NEDs (which expression includes Independent Directors) may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed ₹1,00,000/- (Rupees One lakh) per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

Commission:

Section 197 of the Companies Act, 2013 allows a Company to pay remuneration to its NEDs either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other. Further, the section also states that where the Company has either Managing Director or Whole-time Director or Manager, then a maximum of 1% of its net profits can be paid as remuneration to its NEDs. In case there is no managing director or whole-time director or manager, then a maximum of 3% of net profit can be paid. Thus, the basis of payment to the NEDs is the net profit of the Company as per Sec 197 of the Companies Act, 2013.

Criteria for fee and commission:

Within the parameters prescribed by the Companies Act, the quantum of sitting fees and commission will be recommended by the Nomination and Remuneration Committee ("NRC") and approved by the Board of Directors of the Company. Overall remuneration (sitting fees and commission) should be reasonable and commensurate with the responsibilities, time spent in Board and Committee meetings by the NEDs. The aggregate commission payable to all the NEDs will be recommended by the NRC to the Board based on Company's performance, profits, return to investors, shareholder value creation and such other qualitative parameters.

Professional Fees:

Under the Companies Act, 2013, Section 197 allows a Company to pay remuneration to its NEDs for services rendered by any such Director if:

- ✓ The services rendered are of Professional nature;
- ✓ In the opinion of Nomination and Remuneration Committee the Director possess the requisite qualification for the practice of the profession.

As per the provisions of Section 188 of the Companies Act, 2013, the Audit Committee and the Board of Directors of the Company shall approve the Professional fees to be paid to Non- Executive Director(s), and with the approval of the Shareholders wherever required.

Reimbursement of actual expenses incurred:

Non-Executive Directors are also entitled for reimbursement of expenses incurred for attending the Shareholders meetings, Board Meetings and Committee meetings thereof, induction and training (organised by the Company for Directors).

✚ Refund of excess remuneration paid:

If any Director draws or receives, directly or indirectly, by way of remuneration any such amounts in excess of the prescribed limit or without approval required under Section 197, he / she shall refund such amounts to the Company, within 2 (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. The Company shall not waive the recovery of any sum refundable to it unless approved by the Company by Special Resolution within 2 (two) years from the date the sum becomes refundable.

✚ Stock Options:

As per the Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the shareholders' resolution shall specify the limits for the maximum number of stock options that can be granted to Non-Executive Directors, in any in financial year and in aggregate.

Provided that an Independent Director shall not be entitled to any stock options and may receive remuneration by way of fees and reimbursement of expenses for participation in meetings of the Board and other meetings and profit related commission as may be approved by the members.

Amendment

The Board of Directors of the Company, subject to applicable laws, rules & regulations, may amend / substitute any provision(s) with a new provision(s) or replace this entire policy with a new policy, as per the recommendations of Nomination and Remuneration Committee.

This policy was originally adopted on 25th May, 2017 and
Subsequently, reviewed and modified in the Board meeting held on 8th August, 2023.

(Only the name of the Company has been updated pursuant to name change of the Company)