



NOMINATION AND REMUNERATION POLICY

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| Policy ID: | PR / 33 | Policy Version: | 1.2 |
| Policy Owner: | MPS Legal and Secretarial | Effective Date: | As approved and made effective by the Board of Directors of the Company |
| Applies to: | MPS Limited | Supersedes the Version No. Dated: | 1.0 & 1.1 dated August 20, 2014 and May 17, 2019, respectively |

Change History

| SL. No. | Description Of Change | Date Of Release | Version No. | Approved By |
|---------|---|-------------------|-------------|--------------------|
| 1. | Baseline Version | August 20, 2014 | 1.0 | Board of Directors |
| 2. | Modification pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 | May 17, 2019 | 1.1 | Board of Directors |
| 3. | Further elaboration of the policy | December 16, 2022 | 1.2 | Board of Directors |

MPS LIMITED

NOMINATION AND REMUNERATION POLICY

BACKGROUND

The Nomination & Remuneration Policy ("Policy") of MPS Limited ("MPS" or "Company") is formulated in terms of the Companies Act, 2013 ("Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations") and other applicable laws (hereinafter referred to as "Relevant laws").

The Policy is intended to set out criteria to pay equitable remuneration to the Directors, Key Managerial Personnel (KMP), Senior Management (as defined below) and other employees of the Company and to harmonize the aspirations of human resources with the goals of the Company.

OBJECTIVE AND PURPOSE OF THE POLICY

The objective and purpose of this policy are:

- To lay down criteria with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions of the Company and recommend to the Board their appointment and removal.
- To lay down the criteria for determining qualifications, positive attributes and Independence of a Director and recommend to the Board a policy relating to, the remuneration of directors, key managerial personnel, senior management and other employees based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies engaged in the industry as the Company.
- To lay down the criteria for evaluation of the performance of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel.
- To determine whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- To devise a policy on diversity of board of directors.
- To retain, motivate and promote talent and to ensure long term sustainability of talented Managerial Persons and create competitive advantage.

EFFECTIVE DATE:

This revised policy shall be effective from the date of approval by the Board of Directors of the Company.

DEFINITIONS:

“Act” means the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time.

“Applicable Laws” means applicable provisions of the Act and the SEBI Listing Regulations.

“Board” means the Board of Directors of the Company.

“Company” means MPS Limited.

“Policy or this Policy” means the Policy on Nomination, Removal, Remuneration and Board Diversity.

“Independent Director” means a Director as defined under Section 149 (6) of the Companies Act, 2013 and SEBI Listing Regulations and any further amendment or modification made thereto.

“Key Managerial Personnel (KMP)” means-

- i) Chief Executive Officer or the Managing Director or manager;
- ii) Whole-Time Director;
- iii) Chief Financial Officer;
- iv) Company Secretary; and
- v) Such other officer as may be prescribed under the applicable statutory provisions / regulations.

“SEBI Listing Regulations” means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“Nomination and Remuneration Committee or Committee” means a committee of the Board pursuant to Section 178 of the Act and the SEBI Listing Regulations.

“Senior Management” means officer/ personnel of the Company who are Members of its Core Management team excluding Board of Directors comprising all Members of Management one level below the Chief Executive Officer / Managing Director / Whole Time Director/ Manager and shall specifically include the Chief Financial Officer, Company Secretary and the functional heads.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013 and SEBI Listing Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.

APPLICABILITY

The Policy is applicable to:

- Directors (Executive and Non-Executive).
- Key Managerial Personnel.
- Senior Management Personnel.
- Other Employees

GENERAL

This Policy is divided in four parts:

Part-A covers the matters to be dealt with and recommended by the Committee to the Board;

Part-B covers the appointment and removal of Directors, KMP and Senior Management;

Part-C covers remuneration and perquisites for Directors, KMP and Senior Management; and

Part-D covers remuneration of other employees of the company.

PART - A

MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend candidates to the Board when circumstances warrant the appointment of a new Director, having regard to qualifications, integrity, expertise and experience for the position.

For every appointment of an independent director, 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. 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.
- Identify persons who are qualified to become directors and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
 - Recommend to the Board, appointment (including terms thereof), remuneration and removal of Director, KMP and Senior Management Personnel.
 - Make recommendation to the Board on appropriate performance criteria for the Directors and formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company.
 - Establish and review Board, KMP and Senior Management succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management.

- Assist the Board in ensuring the Board nomination process is in line with the diversity policy of the Board relating to gender, thought, experience, knowledge and perspectives.
- Formulate the criteria for remuneration and remuneration policies for KMP and Senior Management including base pay, incentive payments, having regard to the need to:
 - a. attract and motivate talent to pursue the Company's long term growth;
 - b. demonstrate a clear relationship between executive compensation and performance;
 - c. be reasonable and fair, having regard to best governance practices and legal requirements and
 - d. balance between fixed and incentive pay reflecting short and long-term performance objectives as appropriate for the Company and its goals.

PART - B

POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

- **Appointment criteria and qualifications:**
 1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP and/or Senior Management and recommend to the Board his / her appointment.
 2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
 3. The Company shall not appoint or continue the employment of any person as Managing Director/Executive Director who has attained the age of seventy years and shall not appoint Independent Director who has attained the age of seventy-five years. Provided that the term of the Managing Director/Executive Director and the Independent Director may be extended at the discretion of the committee beyond the age of seventy years/seventy-five years, respectively, 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 sixty years/seventy years as the case may be.
 4. The Committee shall not recommend the appointment or continue the employment of any person as Managing Director or Whole Time Director who is:
 - a. an undischarged insolvent or has at any time been adjudged as an insolvent;
 - b. has at any time suspended payment to his creditors or makes, or has at any time made, a composition with them; or
 - c. has at any time been convicted by a court of an offence and sentenced for a period of more than six months.
 5. A Whole-Time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time.

- **Term / Tenure:**

- 1. Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Managing Director / Whole Time Director for a term not exceeding five years at a time. No recommendation for re-appointment shall be made earlier than one year before the expiry of term.

- 2. Independent Director:**

The recommendation of the Committee for the appointment or re-appointment of an Independent Director shall be guided by the following:

- a. 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.
- b. 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. At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director Serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.
- d. To extend or continue the term of an Independent Director should be on the basis of the report of performance evaluation of the Independent Director.

- **Evaluation:**

The Committee shall carry out evaluation of performance of every Director at regular interval.

- **Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Companies Act, 2013, rules and regulations or on the grounds mentioned in the terms of the contract, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director and / or KMP or a Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013 or any other applicable law and rules and regulations made thereunder.

- **Retirement:**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and/or the prevailing policy of the Company. The Board shall have the discretion to retain the Director, KMP and Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company in accordance with the provisions of the Companies Act, 2013.

PART - C

POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME / EXECUTIVE / MANAGING DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

- **General:**

1. The remuneration / compensation / commission etc. to the Managing Director/Whole-time Director, KMP and Senior Managerial Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration shall comprise a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals. The remuneration / compensation / commission etc. shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required.
2. The remuneration and commission to be paid to the Managing Director/Whole-time Director shall be in accordance with the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules made thereunder.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board in the case of Managing Director / Whole-time Director, KMP and Senior Management Personnel.
4. Where any insurance is taken by the Company on behalf of its Managing Director/Whole-time Director, Chief Executive Officer, Chief Financial Officer, Company Secretary and any other employees 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.

- **Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:**

1. **Fixed pay:**

The Whole-time / Executive / Managing Director, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The remuneration shall comprise a mix of Fixed Remuneration and Variable remuneration in the form of performance incentive. The performance incentive shall be based on the prevailing policy of the Company. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, other perks etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

2. **Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing / Whole-time Director(s) in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

3. Provisions for excess Remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

• Remuneration to Non- Executive Directors:

1. Remuneration / Commission:

The remuneration / commission shall be recommended in accordance with the limits and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder.

The remuneration of Non-Executive Director (including revisions thereof) shall be based on certain financial parameters like the performance of the Company, its market capitalization, etc., industry benchmarks, role of the Director and such other relevant factors.

The Committee shall determine the periodicity at which such remuneration shall be reviewed and revised.

2. Sitting Fees:

The Non- Executive Directors will receive remuneration by way of fees for attending meetings of Board or Committee thereof provided that the amount of such fees shall be within the overall limits prescribed under the Companies Act, 2013.

- a) The sitting fee per Meeting, for attending the Board / Committee Meetings of the Company, will be as follows:
 - i) For Board Meeting - Rs. 80,000 per Meeting
 - ii) For Audit Committee Meeting - Rs. 80,000 per Meeting
 - iii) For Stakeholders Relationship Committee Meeting - Rs. 60,000 per Meeting
 - iv) For Corporate Social Responsibility Committee Meeting - Rs. 60,000 per Meeting
 - v) For Nomination and Remuneration Committee Meeting - Rs. 60,000 per Meeting
 - vi) For Risk Management Committee Meeting - Rs. 60,000 per Meeting

3. Commission:

- a) Commission may be paid as approved by the shareholders, subject to the limit as per the applicable provisions of the Companies Act, 2013.

PART - D

POLICY RELATING TO THE REMUNERATION TO OTHER EMPLOYEES OF THE COMPANY

The compensation for other employees would be as per the compensation policy of the Company, as revised through the annual compensation review process from time to time and approved by the Chief Executive Officer, in consultation with the Head- HR/BU Heads, on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity and local market conditions.

GENERAL

This Policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and the requirements of Listing Regulations with the Stock Exchanges.

Any or all the provisions of this Policy would be subject to the revision/ amendment in the Companies Act, 2013, related rules and regulations, guidelines and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on the subject as may be notified from time to time. Any such amendment shall automatically have the effect of amending this Policy without the need of any approval by the Nomination and Remuneration Committee and/ or the Board of Directors.

In case of any material subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

APPLICABILITY

This Revised Policy, has been recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company at their respective meeting held on December 16th, 2022. This shall come into force w.e.f. December 16th, 2022 and shall be applicable on Directors (Executive and Non-Executive), Key Managerial Personnel, Senior Management Personnel and Other Employees of the Company.