

**NOMINATION
&
REMUNERATION POLICY
OF
MPS INFOTECNICS LIMITED**

1. Introduction

Pursuant to provisions of Section 178 of the Companies Act, 2013 and Para A of Part D of Schedule II of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the Board of Directors of the Company constituted the Nomination and Remuneration Committee consisting of three (3) Non-Executive Directors of which majority are Independent Directors..

The Company considers human resources as its invaluable assets. This policy on Nomination and Remuneration of Directors, Key Managerial Personnel (KMPs) and other employees has been formulated in terms of the provisions of the Companies Act, 2013 read along with the applicable rules thereto and Listing Regulations, as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

The Nomination and Remuneration Policy applies to Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company.

2. Objective and purpose of the policy

The objectives and purpose of this policy are:

- i) To formulate the criteria for determining qualifications, positive attributes and independence of a Director (Executive / Non-Executive) and recommend to the Board a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- i) To formulate criteria for evaluation of performance of independent directors and the board of directors;
- ii) To devise a policy on diversity of board of directors;
- iii) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
- iv) 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;

- v) Recommend to the board, all remuneration, in whatever form, payable to senior management.

3. Definitions

- i. “Board” means Board of Directors of the Company.
- ii. “Committee” means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable listing agreements and/or regulations.
- iii. “Company” means MPS Infotecnic Limited.
- iv. “Independent Director” means a Director referred to in Section 149(6) of the Companies Act, 2013 and rules made thereunder.
- v. “Key Managerial Personnel (KMP)” in relation to a company, means—
 - a. the Chief Executive Officer or the managing director or the manager;
 - b. the company secretary;
 - c. the whole-time director;
 - d. the Chief Financial Officer;
 - e. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
 - f. such other officer as may be prescribed
- ii) Senior Management means 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 Executive Directors, including the functional heads.
- iii) Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and Listing Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.

4. General

This Policy is divided into three parts: -

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

Part – B covers the appointment and nomination; and

Part – C covers remuneration and perquisites etc.

This policy shall be included in the Annual Report.

PART – A

Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee

The following matters shall be dealt by the Committee:-

(a) Size and composition of the Board:

Periodically reviewing the size and composition of the Board to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company as a whole and ensure compliance of various provision of applicable laws and listing agreement;

(b) Directors:

Formulate the criteria determining qualifications, positive attributes and independence of a Director and recommending candidates to the Board, when circumstances warrant the appointment of a new Director, having regard to the range of skills, experience and expertise, on the Board and who will best complement the Board;

(c) Succession plans:

Establishing and reviewing Board and Senior Executive Succession Plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management;

(d) Evaluation of performance:

Make recommendations to the Board on appropriate performance criteria for the Directors.

Formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company.

Identify ongoing training and education programs for the Board to ensure that Non-Executive Directors are provided with adequate information regarding the options of the business, the industry and their legal responsibilities and duties.

(e) Remuneration framework and policies:

The Committee is responsible for reviewing and making recommendations to the Board on:

- i) the remuneration of the Managing Director, Whole-time Directors and KMPs;
- ii) the total level of remuneration of Non-Executive Directors and for individual remuneration for Non- Executive Directors and the Chairman, including any additional fees payable for membership of Board committees;
- iii) the remuneration policies for all employees including KMPs, senior management and other employees including basic pay, incentive payments, equity awards, retirement rights and service contracts;
- iv) attract and motivate talent to pursue the Company's long term growth;
- v) demonstrate a clear relationship between executive compensation and performance;
- vi) be reasonable and fair, having regard to best governance practices and legal requirements.
- vii) the Company's superannuation arrangements and compliance with relevant laws and regulations in relation to superannuation arrangements; and
- viii) the Company's remuneration reporting in the financial statements.

PART – B

Policy for appointment and removal of Director, KMPs and Senior Management

(a) Appointment criteria and qualification

- i) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or senior management level and recommend to the Board his / her appointment;

- ii) A person to be appointed as Director, KMP or senior management level 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 is sufficient / satisfactory for the concerned position;
- iii) A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise and insights in sectors / areas relevant to the Company, ability to contribute to the Company's growth, complementary skills in relation to the other Board members;
- iv) The Company shall not appoint or continue the employment of any person as Managing Director/Executive Directors who has attained the age of seventy years and shall not appoint Independent Director, managing director, whole-time director or manager who is below age of 21 years;

Provided that the term of the person holding this position may be extended at the discretion of the committee 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 as the case may be;

Provided further that the Company shall not appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person;

- v) 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. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of the Company.

(b) Term / Tenure

i) Managing Director / Whole-time Director

The Company shall not appoint or re-appoint any person as its Managing Director and CEO or Whole-time Director 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.

ii) Independent Director

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.

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.

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/Managing Director of a listed company.

(c) Retirement

The Whole-time Directors, KMP and senior management personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Whole-time Directors, KMP and senior management personnel in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company with the approval of shareholders by passing a special resolution at the general meeting of the Company.

PART – C

Policy relating to the remuneration for Directors, KMPs and other employees

(a) General

- i) The remuneration / compensation / commission etc. to Directors will be determined by the Committee and recommended to the Board for approval.
- ii) The remuneration and commission to be paid to the Managing Director shall be in accordance with the provisions of Chapter XIII of the Companies Act, 2013 read with Schedule V, and the rules made thereunder.
- iii) Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managing Director.
- iv) Where any insurance is taken by the Company on behalf of its Managing Director, Chief Financial Officer, the 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.

Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

(b) Remuneration to KMPs and other employees

The policy on remuneration for KMPs and other employees is as below:-

i) Fixed pay

The remuneration and reward structure for employees comprises two broad components - annual remuneration and long-term rewards. The Committee would determine the remuneration of the Directors and formulate guidelines for remuneration payable to the employees.

These guidelines are as under:

ii) Annual remuneration

Annual remuneration refers to the annual compensation payable to the employees of the Company. This comprises two parts - a fixed component, and a performance-linked variable component based on the extent of achievement of the individual's objectives and performance of the business unit. Employee is required to determine his/her key result areas for that particular defined role. The performance-linked variable pay will be directly linked to the performance on individual components of the performance and the overall performance of the business. An employee's variable pay would, therefore, be directly dependent on key performance measures that represent the best interests of shareholders.

The objective is to set the total remuneration at levels to attract, motivate, and retain high-caliber, and high potential personnel in a competitive global market. The total remuneration level is to be reset annually based on a comparison with the relevant peer group globally, established through independent compensation surveys, from time to time.

iii) Long-term rewards

Long-term rewards may be granted to eligible key employees based on their contribution to the performance of the Company, relative position in the organization, and length of service under the supervision and approval of the Committee.

The grant, vesting and other scheme details would be formulated from time to time.

These long-term reward schemes are implemented to attract and retain key talent in the industry.

iv) Minimum remuneration to Managing Director/ Chief Executive officer

If, in any financial year, the Company has no profits or its profits are inadequate, the company shall not pay to its directors, including any managing or whole time director or manager, by way of remuneration any sum exclusive of any fees payable to directors except in accordance with the provisions of Schedule V of the Companies Act, 2013.

(c) Remuneration to Non-Executive / Independent Directors

i) Remuneration

The remuneration payable to each Non-Executive Director is based on the remuneration structure as determined by the Board, and is revised from time to time, depending on individual contribution, the Company's performance, and the provisions of the Companies Act, 2013 and the rules made there under.

The remuneration to the Non-executive Directors (including Independent Directors) may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

ii) Stock options

The Independent Directors shall not be entitled to any stock option of the Company.

Policy review

This policy is framed based on the provisions of the Companies Act, 2013 and rules made there under and the requirements of Para A of Part D of Schedule II of the Listing Regulations.

In case of any 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.

This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the policy as recommended by the Committee would be given for approval of the Board of Directors.

Policy on Board Diversity

(a) Purpose of this policy:

This policy on Board Diversity (the "Policy") sets out the Company's approach to ensuring adequate diversity in its Board of Directors (the "Board") and is devised in consultation with the Nomination and Remuneration Committee (the "Committee") of the Board.

(b) Scope of Application:

The Policy applies to the Board of MPS Infotecnic Limited (the "Company").

(c) Policy Statement:

The Company aims to enhance the effectiveness of the Board by diversifying its composition and to obtain the benefit out of such diversity in better and improved decision making. It is recognized that a Board composed of appropriately qualified people with broad range of experience relevant to the business of the Company is important to achieve effective corporate governance and sustained commercial success of the Company. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions amongst Directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. At a minimum, the Board of the Company shall consist of at least one woman Director. All Board appointments are made on merit, in the context of the skills, experience, independence, knowledge and integrity which the Board as a whole requires to be effective.

Review of the Policy:

The Board and the Committee will review this Policy on a regular basis to ensure its effectiveness and also compliance with revised applicable provisions of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015