

## **NOMINATION AND REMUNERATION POLICY**

### **OF**

## **M.S. ISHAAN INFRASTRUCTURES AND SHELTERS LIMITED**

### **A. Introduction:**

In terms of Section 178 of the Companies Act, 2013 and Clause 49(IV) of the Listing Agreement, this policy on nomination and remuneration of Directors, Key Managerial Personnel, Senior Management and other employees of the Company has been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors.

- i. The following matters of provisions of the Companies Act, 2013 have been included and considered while formulating the Remuneration Policy for the Company.
  - (a) Criteria determining the qualifications, positive attributes and independence of a Director.
  - (b) Appointment and removal of Directors, Key Managerial Personnel, Senior Management.
  - (c) Remuneration for the Directors, Key Managerial Personnel, Senior Management and other employees.
  - (d) Evaluation of performance of the Directors of the Company.
  - (e) Scope and Role of the Nomination and Remuneration Committee
  - (f) Disclosures in the Directors' Report

### **B. Objective:**

- i. The key objective of this Policy is to enable a framework that allows attracting and retaining competitive and skilled human resource in the Company and for competitive and fair rewards for the achievement of key deliverables and also aligns with practice in the industry and shareholders' expectations. This policy reviews the compensation package payable to the Executive and Non-Executive Directors, Key Management Personnel, the Senior Management and other employees of the Company.
- ii. When deciding remuneration, the Committee will consider the market scenario, business performance of the Company and the remuneration practices in Industry.

**Criteria determining the qualifications, positive attributes and independence of a Director and Policy for appointment and removal:**

#### **a) INDEPENDENT DIRECTORS**

##### **(1) Qualifications of Independent Director:-**

An Independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales,

marketing, administration, research, corporate governance, operations or other disciplines related to the company's business.

**(2) Positive attributes of Independent Directors:-**

An independent director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the company in implementing the best corporate governance practices.

**(3) Independence of Independent Directors:-**

An Independent director should meet the requirements of Section 149, Schedule IV of the Companies Act, 2013 and Clause 49(II) (B) of the Listing Agreement.

**b) OTHER DIRECTORS AND SENIOR MANAGEMENT**

- (1) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director or at Senior Management level 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 is sufficient/satisfactory for the concerned position.
- (3) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be

extended 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.

Moreover any person appointed shall not continue in the Company if the evaluation of his performance is not satisfactory to the nomination and Remuneration committee.

**c) Rationale for Remuneration Framework**

- (1) Internal Ratios: The Compensation package for employees at levels lower than Executive Directors should be revised in the form of performance increments, structural improvements and Cost of Living Adjustments at regular intervals. This will lead to a compressing of the compensation differential between the lowest and highest levels of executive management.
- (2) Compliance & Risk Parameters: In view of company law regulations, the compliance roles of Executive Directors far outweigh that of any other level, and consequently the risk parameters associated with these jobs are of a significantly higher level as compared to the junior levels and accordingly the remuneration should be paid.

**C. Remuneration Pattern:**

**a) EXECUTIVE DIRECTORS:**

**(1)Structure:** A summary of the structure set is as mentioned below:

<b>Components</b>	<b>Item</b>	<b>Description</b>	<b>Policy</b>
Base Salary	<ul style="list-style-type: none"><li>• Reflects the person's experience, criticality of the role with the Company and the risk factor involved</li></ul>	<ul style="list-style-type: none"><li>• Consolidated Salary fixed for each financial year</li><li>• This component is also used for paying retiral benefits</li><li>• Paid on a monthly basis</li></ul>	Normally positioned as the highest as compared to the other components.
Short-term incentive	<ul style="list-style-type: none"><li>• Based totally on the performance of the Director</li></ul>	<ul style="list-style-type: none"><li>• Variable component of the remuneration package</li><li>• Paid on an annually basis</li></ul>	Determined by the Nomination and Remuneration Committee after year-end based on the evaluation of performance against the pre-determined financial and non- financial metrics
Long-term incentive	<ul style="list-style-type: none"><li>• Drive and reward delivery of sustained long-term performance</li></ul>	<ul style="list-style-type: none"><li>• Variable long-term remuneration component.</li></ul>	Determined by the Nomination and Remuneration Committee and distributed on the basis of time, level and performance
Retiral Benefits	<ul style="list-style-type: none"><li>• Provide for sustained contribution</li></ul>	<ul style="list-style-type: none"><li>• Accrues depending on length on service.</li></ul>	Paid post separation from the Company as per the Rules of the Provident Fund and Gratuity Acts

**b) KEY MANAGEMENT PERSONNEL AND SENIOR MANAGEMENT AND OTHER EMPLOYEES:**

- (1) "Senior Management" shall mean the personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads.
- (2) The remuneration package of the Key Management and Senior Management and Other Employees comprises of:

o **Fixed Remuneration:** This includes a Monthly Salary such as Consolidated Pay, Variable House Rent Allowance, Compensatory Allowance, Utility Allowance, Interest Subsidy on Housing Loans;

o **Annual Allowances:** This consists of Leave Travel Allowance, Medical Reimbursement and House Maintenance Allowance.

o **Retirals:** This includes Provident Fund, Gratuity and Superannuation, if any.

**c) Non-Executive Directors:**

The Board is responsible for setting policy in relation to the Non-Executive Directors' fees and reviews them periodically. General policy is to provide fees in line with market practice for similar Non-Executive Director roles in the comparable corporate and institutions in India. Fees paid to the Non-Executive Directors also take account of the Company's complexity, the significant travel and time commitments required for attending Board and other meetings in India and the risk profile of the Company. The Remuneration to the non-executive Directors should be determined as per the provisions of the Companies Act, 2013 and related rules framed thereunder. However the Nomination and Remuneration Committee may from time to time suggest the payment and revision in the same as and when necessary.

**D. Remuneration Mix:**

The total remuneration package is designed to provide an appropriate balance between fixed and variable components with focus on Performance Related Pay so that strong performance is incentivized but without encouraging excessive risk taking.

**E. Scope and Role of the Nomination and Remuneration Committee ("The Committee"):**

The Committee, in addition to the responsibilities specified as per Companies Act, 2013, would play a pivotal role in ensuring the governance as follows:

i. Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel (KMP) and other employees

ii. The Nomination and Remuneration Committee shall while formulating the Remuneration Policy ensure that:

a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully

b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks

c) Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals

iii. The Nomination and Remuneration Committee shall ensure that the Remuneration Policy is disclosed in the Board's report.

**F. Disclosures:**

Disclosure(s) in Board's Report should be made by the Company as provided in Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time.