

PSP PROJECTS LIMITED

NOMINATION AND REMUNERATION POLICY

I. Introduction:

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 SEBI (Listing Obligation and Disclosures Requirements) Regulation, 2015, 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.

II. Objective

The Nomination and Compensation Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Listing Regulations. The key objectives of the Committee would be:

- i. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- ii. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation by the Board.
- iii. To recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- iv. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance and achievement relating to the Company's operations.
- v. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial personnel and create competitive advantage.
- vi. To devise a policy on Board diversity

III. Definitions

"Listing Regulations" means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

"Board" means Board of Directors of the Company.

"Directors" means Directors of the Company.

"Key Managerial Personnel" means

- i. Managing Director or Chief Executive Officer or Manager and in their absence Whole-time director;

- ii. Chief Financial Officer;
- iii. Company Secretary; and

“Senior Management” means personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads.

Words and expressions used and not defined in this Policy but defined in the SEBI Listing Regulations, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 and rules and regulations made thereunder shall have the 3 meanings respectively assigned to them in those legislation as the context may so require.

IV. ROLE / TERMS OF REFERENCE OF COMMITTEE

The Committee constituted by the Board leads the process for appointment and remuneration of directors and KMP in accordance with the requirements of the Act, SEBI Listing Regulations and other applicable regulations / guidelines. All the board appointments are based on merits.

The role / terms of reference of the Committee identified by the Board are as follows:

- a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors. key managerial personnel and other employees;
- b) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- c) devising a policy on diversity of board of directors;
- d) 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;
- e) 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.
- f) recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

V. APPOINTMENT, EVALUATION, RETIREMENT / REMOVAL

a) Appointment criteria and qualifications

The Committee shall inter-alia evaluate the potential candidates for appointment to the Board on the basis of highest level of personal and professional ethics, standing, integrity, values and character, appreciation of the Company’s vision, mission, values, professional

skill, knowledge and expertise, financial literacy and such other competencies and skills as may be considered necessary and accordingly recommend to the Board their appointment.

In addition to the above, the candidature of an independent director is also evaluated in terms of the criteria for determining independence as stipulated under Companies Act, 2013 and other applicable regulations or guidelines. The board re-assess determinations of independence when any new interests or relationships are disclosed by a director.

The Company shall not appoint or continue the employment of any person as Whole-time Director who is below the age of twenty one years or 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.

b) Term / Tenure

(i) Managing Director / Whole Time Director

The Company shall not appoint or re-appoint any person as its Managing Director / Whole Time Director for a term 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 of a listed company or such other number as may be prescribed under the Act / SEBI Listing Regulations.

(iii) Evaluation Mechanism

The Independent Directors shall review the performance of non-independent directors and the Board as a whole and also review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors.

The Committee shall carry out evaluation of every director's performance.

The Board shall carry out evaluation of its own performance and the performance evaluation of directors including independent directors and the committees of the Board.

(iv) Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain any Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, in the best interest of the Company following the compliance with applicable laws.

(v) Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the act, rules and regulations.

VI. GUIDELINES RELATING TO REMUNERATION

The policy represents the overarching approach of the Company to the remuneration of director, KMPs and other employees. Through the compensation programme, the Company endeavors to attract, retain, develop and motivate a high performance workforce. The Company follows a compensation mix of fixed pay, benefits and performance based variable pay.

The remuneration policy of the Company is aimed at rewarding the performance, based on review of achievements on a regular basis and is in consonance with the existing industry practice. Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

VII. AMENDMENTS TO THE POLICY

The Board reserves the right to modify and/or amend the Policy at any time subject to the provisions of SEBI Listing Regulations and the Companies Act, 2013 and Rules framed thereunder.
