

## **PSP PROJECTS LIMITED**

### **NOMINATION AND REMUNERATION POLICY**

#### **I. INTRODUCTION:**

This Nomination and Remuneration Policy for the Directors, Key Managerial Personnel and Senior Management Personnel is being formulated in compliance with Section 178 of the Companies Act, 2013 (the Act) read along with the applicable rules thereto and Regulation 19 Securities and Exchange Board of India (SEBI) (Listing Obligation and Disclosures Requirements) Regulations, 2015 (Listing Regulations) as amended from time to time, by the Nomination and Remuneration Committee (NRC or the Committee) of PSP Projects Limited (the Company) and has been approved by the Board of Directors of the company (the Board) in their meeting.

#### **II. OBJECTIVE:**

The Nomination and Remuneration Committee and this Policy are to ensure compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 of 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. CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE:**

- i. The Committee shall consist of at least three non-executive directors, with atleast two-thirds of them being independent directors;
- ii. The quorum for a meeting of the nomination and remuneration committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance;
- iii. The Chairperson of the Committee shall be an Independent Director;
- iv. The Chairman of the Company may be appointed as a member of the Committee but shall not Chair the Committee;

- v. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman;
- vi. The Committee shall meet at least once in a financial year;
- vii. The Chairperson of the Committee may be present at the annual general meeting, to answer the shareholders' queries; however, it shall be up to the chairperson to decide who shall answer the queries;
- viii. The Board has the power to constitute/ reconstitute the Committee from time to time in line with the requirements under the Companies Act, 2013 ("Act") and Regulation 19 of Listing Regulations.

The Nomination and Remuneration Committee of the Company consists of three or more non- executive Directors.

The board has authority to reconstitute this Committee from time to time.

#### IV. 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" (KMP)** means Key Managerial Personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013;

**"Senior Management Personnel" (SMP)** shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the persons identified and designated as key managerial personnel, other than the board of directors, by the listed entity.

Words and expressions used and not defined in this Policy shall have the same meaning assigned to them in the Listing Regulations, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Act and rules and regulations made thereunder.

## **V. 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, 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) 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
- c) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- d) devising a policy on diversity of board of directors;
- e) 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;
- f) 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;
- g) Recommend to the board, all remuneration, in whatever form, payable to senior management.

## **VI. APPOINTMENT AND REMOVAL OF DIRECTORS, KMPS AND SENIOR MANAGEMENT:**

### **a) Appointment criteria and qualifications**

- The Committee shall identify and ascertain the integrity, qualification, expertise, experience, personal and professional ethics, standing, value and character, appreciation of the Company's vision, mission, values, professional skill, knowledge, financial literacy and such other competencies and skills as maybe considered necessary of the candidate proposed for appointment as Director, KMP or SMP and recommend to the Board his/her appointment.
- The candidate shall possess adequate qualification, expertise and experience for the position he/she is considered for appointment.
- The appointment of any Whole-Time Director/KMP/SMP shall also be governed by the prevailing employment policies of the Company.
- The selection and removal would be based on the evaluations done during the selection /search process and would cover such parameters like: qualifications, positive attributes, experiences, etc. as per the company policy prevailing at the time of selection. The decision may also be based on conditions as best suitable for the business in accordance with statutory conditions as may be applicable from time to time.
- Every Whole-Time KMP appointed in terms of Section 203 of the Act shall be appointed by means of a resolution of the Board containing the terms and conditions of the appointment including the remuneration. 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 subject to the same being intimated to the Board or being in accordance with the policy of the Company.
- 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 shall 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.

- The approval of shareholders for appointment or re-appointment of a person on the Board of Directors shall be taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier.

## **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/ Executive 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 / 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.

The evaluation of independent directors shall be done by the entire board of directors which shall include –

- (a) performance of the directors; and
- (b) fulfillment of the independence criteria as specified in these regulations and their independence from the management

Provided that in the above evaluation, the directors who are subject to evaluation shall not participate.

Performance evaluation of the KMP, SMP and other employees shall be carried out by their respective reporting Executives and Functional Heads, based on the Key Results Area (KRA) set at the beginning of the financial year and reviewed at least once during the year to modify such KRAs if required.

The Board shall consider the Guidance Note on Board evaluation issued by SEBI for the purpose of evaluation.

**(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.

**VII. POLICY RELATING TO THE REMUNERATION FOR DIRECTORS, KMPs AND SENIOR MANAGEMENT:**

**A. Remuneration to Directors:**

- i. The Whole Time/ Executive/Managing Director/CEO/Manager (if any) shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee.

- ii. The Committee shall recommend the remuneration, including the commission based on the net profits of the Company for the executive directors. Such remuneration will be approved by the Board and shareholders, as may be required, in accordance with the provisions of the Act.
- iii. The Nomination and Remuneration Committee shall recommend to the Board, remuneration by way of salary, perquisites and allowances (fixed component) to the Managing Director, the Whole-Time Director, the Executive Directors, the Chief Executive Officer and other members of the Board.
- iv. The remuneration to be paid to the Managing Director, the Whole-Time Director, the Executive Directors, the Chief Executive Officer and other members of the Board shall be determined keeping in view the relative performance of the Company to the industry performance and individual performance and shall be subject to approval of appropriate authorities, as and when required. The breakup of the pay scale and quantum of perquisites including but not limited to medical allowance, conveyance allowance, other allowances and such other payments in the nature of perquisites, benefits and allowances to be approved by the Board/ the Person authorised by the Board on the recommendation of the Committee and approved by the Shareholders and Central Government, wherever required.
- v. The Committee may at its discretion, structure any portion of remuneration to link rewards to corporate and individual performance, fulfilment of specified improvement targets or the attainment of certain financial or other objectives set in this regard.
- vi. Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director or as laid down as per the provisions of the Act.
- vii. If any Whole-time / Executive / Managing Director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limits prescribed under the Act 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.

viii. **Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time /



Executive / Managing Director in accordance with the provisions of Section 197 of the Act and Schedule V to the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

ix. **Provisions for excess remuneration:**

If any Whole-time / Executive / Managing Director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limits prescribed under the Act 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.

x. **Criteria for making Payment to Non- Executive / Independent Directors:**

- Non-Executive /Independent Directors shall receive Sitting fees for attending meetings of the Board or Committee thereof or any other meeting within the limits prescribed under Companies Act, 2013, SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 or other applicable law or for any other purpose whatsoever as may be decided by the Board.
- Section 197 of the Companies Act, 2013, allows a Company to pay remuneration (excluding sitting fees) to its NEDs either by monthly payment or at a specified percentage of net profits of the Company, or partly by one way or partly by other. Remuneration referred to above, may be paid to Non-Executive Directors as may be decided by the Board of Directors of the Company from time to time, depending on the extra time that may be devoted and contributions made by the Non-Executive Directors to the Company.
- Non-Executive/Independent Directors shall not be entitled to any Bonus during the appointment and no entitlement to participate in any employee stock option scheme operated by the Company or any Group Company.
- Non-Executive Directors are also entitled for reimbursement of expenses for participation in the Board and other meetings and profit related commission up to a certain percentage of net profits in such proportion, as may be permissible under the applicable law at the discretion of the Board.



## **B. Key Managerial Personnel and Senior Management Personnel**

- i. The Nomination and Remuneration Committee may recommend to the Board, compensation and incentive based compensation as well as employees' stock option scheme, employee stock option plan of Key Managerial Personnel, Senior Management and other employees of the Company based on their evaluation of performance. The Company may provide loan and advances to its employees as per its internal policy as amended from time to time.
- ii. The Incentive pay shall be decided based on the balance between performance of the Company and performance of the KMPs and SMPs to be decided annually or at such intervals as may be considered appropriate. The Committee shall be updated about the same from time to time.
- iii. The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.

## **VIII. AMENDMENTS:**

This policy shall be reviewed by the Committee as and when required and placed before the Board of Directors of the Company for approval. Any subsequent amendment / modification in the Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.

This policy is effective from January 30, 2026.

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