

Nomination & Remuneration Policy For Board of Directors, Key Managerial Personnel & Senior Management (Including Succession Planning)

Pursuant to Regulation 17 (4) of SEBI (Listing Obligations & Disclosure Requirements) 2015
And as part of Disclosures on Corporate Governance (Schedule V, Part II, Section II)

**Document Version [2.00] and approved by Board of Directors on [16/04/2019]
By HRD**

Effective From: 01/04/2019

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MASTEK LIMITED
CIN: L74140GJ1982PLC005215

1. INTRODUCTION

The Nomination & Remuneration Policy (“Policy”) of Mastek Limited is formulated under the requirements of applicable laws, including the Companies Act, 2013 (“the Act”) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“SEBI Listing Regulations”).

The Policy is intended to set out criteria to Appoint Directors, Key Managerial Personnel, and Senior Management (i.e. Employees in Grade 14 onwards) after determining qualifications, Remuneration to be paid to them in any form, succession planning of them.

2. DEFINITIONS

- a. ‘**Company**’ means Mastek Limited
- b. ‘**Board**’ means Board of Directors of the Company.
- c. ‘**Directors**’ means directors of the Company.
- d. ‘**Committee**’ means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable Listing Regulations.
- e. ‘**Independent Director**’ means a Director referred to in Section 149(6) of the Companies Act, 2013 and rules.
- f. The following Executives are defined as **Key Management Personnel (KMP)**, under this Policy:
 - Managing Director/ Chief Executive Officer/ Executive Director/Manager;
 - Whole Time Director;
 - Chief Financial Officer
 - Company Secretary
 - Such other officer, not more than one level below the directors who is in whole-time employment or designated as key managerial personnel by the Board and;
 - Such other officers as may be prescribed under the Companies Act, 2013 and Listing Regulations
- g. ‘**Senior Management**’ means officers/personnel of the Company who are members of its core management team excluding Board and shall comprise of all members of management one level below the Chief Executive Officer / Managing Director / Wholetime Director / Manager (including CEO / Manager, in case they are not part of the Board) and shall specifically include Company Secretary and Chief Financial Officer. However, administrative staff shall not be included.

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.

3. OBJECTIVE

The objective of this Policy is to clearly lay down the guiding principles in relation to compliance under the Regulation 17 (4) of SEBI Listing Regulations, in:

- 3.1. Identifying and nominating suitable candidates for the Board’s approval to fill in the vacancies which arise in the Board of the company from time to time.

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- 3.2. Identifying key job incumbent in Key Management Personnel (KMP) and Senior Management (SM) positions and recommend whether the concerned individual be given any extension in service or replace the incumbent individual with an identified internal candidate or hire an external candidate.
- 3.3. Ensuring the systematic and long term development of individuals in the KMP and SM level to replace when the need arises due to the death, disability, retirement or any other unexpected occurrence.
- 3.4. Clearly laying down the guidelines in relation to compliance under Section 134 (3) of the Companies Act, 2013, in the areas of Directors appointment and their remuneration in whatever form, criteria for determining their qualifications, their positive attributes and independence Directors and other matters as provided under the said Section.
- 3.5. Formulate the criteria for the Evaluation of performance of all the Directors on the Board and the Committees.
- 3.6. Identifying Familiarization programme for existing independent and non-independent directors.
- 3.7. Assisting the Board in ensuring Nomination Process is in line with the Company's Board Diversity Policy. The Company has already in place the Board Diversity Policy.

4. CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE

The Board has constituted the “Nomination and Remuneration Committee” of the Board. This is in line with the requirements under the Act & SEBI regulations. This Policy and the Nomination and Remuneration Committee Charter are integral to the functioning of the Nomination and Remuneration Committee and are to be read together. The Board has authority to reconstitute this Committee from time to time.

5. SCOPE & COVERAGE

- 5.1. The nomination and succession planning of Board of Directors, Key Managerial Personnel (KMP) and identified Senior Management (i.e. Employees in Grade 14 onwards).
- 5.2. Remuneration policy for Directors, KMPs and identified Senior Management.

6. APPOINTMENT TO THE BOARD

- 6.1. The Nomination & Remuneration Committee (NRC) of the Board is responsible to ensure that the Board has an appropriate mix of skills, experience and expertise.
- 6.2. As part of the Board and Committee performance evaluation process, the NRC reviews the size and composition of the Board, whether any changes are required, performance and contribution of Individual Directors and impact of the expected changes to the Board.
- 6.3. As and when any change is suggested to the Board, the NRC shall apply a due diligence process to determine the suitability of every person who is being considered for being appointed or re-appointed as a Director of the Company based on his/her qualification, experience & track record and accordingly any appointment or re-appointment of a Director shall be subject to prior approval by NRC of the Company.

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- 6.4. Appointment/Re-appointment of Directors/ Independent Directors shall be subject to approval by the Shareholders of the Company and also governed by the provisions of the Companies Act, 2013, Rules made thereunder and Listing Regulations.
- 6.5. The tenure of Independent Directors shall not be for more than two terms of five years each. However, the Company would be at liberty to disengage a non-executive Independent Director earlier, subject to compliance of relevant provisions of the Companies Act, 2013 and Rules framed thereunder and Listing Regulations.

7. INDUCTION PROGRAMME FOR NEW DIRECTORS AND ONGOING FAMILIARTZATION PROGRAMME FOR EXISTING INDEPENDENT AND NON INDEPENDENT DIRECTORS

- 7.1. Ensure to have an appropriate induction programme for new Directors and an ongoing familiarization with respect to the business/working of the Company for all Directors. Presentations will be made by Executive Directors/Senior Management, providing an overview of strategy, operations and functions of the Company. It will also provide an opportunity to the Directors to interact with senior leadership of the Company and help them to get ground level information on the Company's Products offering, Markets, Software Delivery, Organization Structure, Finance, HR, Technology, Quality facilities and Risk Management and compliances.
- 7.2. Ensure to issue at the time of appointing a Director, a formal letter of appointment which, inter alia, explains his/her role, functions, duties and responsibilities and the Board's expectations from him/her as a Director of the Company and to explain the Director in detail the compliances required from him/her under the Act, SEBI Regulations and other relevant regulations and his/her affirmation is taken with respect to the same.
- 7.3. Ensure to have a process which helps to update the Board of Directors on a quarterly basis through presentations and discussions on the overall economic trends, the performance of the IT Industry and that of the Company, analysis of the circumstances which helped or adversely impacted the Company's performance and the initiatives taken / proposed to be taken to bring about an overall improvement in the performance of the Company, comparison of the Company's performance with its peers in the Industry as available in public domain, marketing strategy, business risks and mitigation plan, etc. The Directors are periodically updated on the regulatory changes and their impact on the company.

8. APPOINTMENT FOR SENIOR MANAGEMENT (SM) AND KEY MANAGERIAL PERSONNEL (KMP) AND SUCCESSION PLANNING

- 8.1. The Managing Director &/or Group CEO/GCHRO shall periodically review and consider the list of SM / KMP due for retirement / vacancies arising out of attrition during the year.
- 8.2. The Managing Director &/or Group CEO/GCHRO shall also consider the new vacancies that may arise due to the business needs/restructuring of functions/departments.
- 8.3. In case if an SM/ KMP is due for retirement, the Managing Director &/or Group CEO/ GCHRO will review the possibility of an extension of such personnel on basis of the health, age and the person's willingness to continue for an extended term. In case, if an extension is possible, such case may be forwarded to the NRC for its approval, if needed.

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- 8.4. In case if such position is to be filled through internally or externally, the Managing Director &/or Group CEO/GCHRO will evaluate the suitable candidates for the said positions internally as well as externally on basis of the criteria such as job role, experience, leadership qualities, competencies, track record etc.
- 8.5. Once the identification process is completed by Managing Director &/or Group CEO/GCHRO, the shortlisted candidates are further referred to the NRC of the Board for a final evaluation.
- 8.6. The recommendation of the NRC shall be placed before the Board for approval wherever necessary.
- 8.7. The Managing Director &/or Group CEO and GCHRO shall from time to time identify high potential employees who merit faster career progression to position of higher responsibility and give them adequate skill development and training requirements for their successful career progression.
- 8.8. In the event of any unexpected occurrence in respect of any member in the SM / KMP group, the next person as per the organization chart (as far as possible) shall take interim charge of the position, pending the formal appointment in terms of the succession plan.

9. REMUNERATION APPROACH

- 9.1. While fixing the remuneration for Directors, SM and KMP in whatever form, the Company shall consider industry benchmarks and the competence of the persons and ensure that the level and composition of the remuneration is reasonable and sufficient to attract, retain and motivate them.
- 9.2. At present, the sitting fees fixed is recommended by the NRC and approved by the Board of Directors. The sitting fees for the Non-Executive Directors is Rs.100,000/- (Rupees One Lakh only) for each meeting of the Board or Audit Committee or Governance Committee or Nomination & Remuneration Committee and Rs.50,000/- (Rupees Fifty Thousand Only) for each meeting for the Stakeholder Relationship Committee Corporate Social Responsibility Committee. The Board can revise sitting fees for above committees and/or decide for any Ad-Hoc/Special Committee, if required to be formed for specific purpose at any time.
- 9.3. The Independent Directors will also be paid remuneration by way of Commission based on the distributable Net Profits of the Company, subject to a maximum of one percent (1%) or more (or as may be notified by the MCA under the Companies Act, 2013) of the Net Profits of the Company, as may be approved by the Board and the Shareholders, from time to time.
- 9.4. Further not more than 50% yearly remuneration with respect to total remuneration will be paid to any Non-Executive Director as Commission or overall remuneration without the approval of the Shareholders in each financial year concerned.
- 9.5. In addition to the remuneration, the Company shall make arrangements or reimburse the actual cost of travel, hotel and other incidental expenses of the Non-Executive Directors for attending the Board or Committee Meetings of the Company.
- 9.6. The compensation structure of KMPs will be benchmarked with industry salary trends and will have components of fixed/base salary as well as variable pay. The variable pay will be linked to business performance parameters, as separately outlined in a Variable Pay Plan document.

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9.7. Promoters, Founder-Directors and Non-Executive Independent Directors of the Company will not be eligible for ESOPs in terms of the current Regulations.

10. CRITERIA FOR DETERMINING QUALIFICATIONS

- 10.1. Non-Executive Independent Directors are expected to bring in objectivity and independency during Board deliberations around the Company's Strategic approach, performance and risk management. They must also ensure very high standards of financial probity and corporate governance.
- 10.2. The Independent Directors are also expected to commit and allocate sufficient time to meet the expectations of their role as Non-Executive Independent Directors, to the satisfaction of the Board.
- 10.3. Conflict of Interest: The Independent Directors shall not involve themselves in situations, which directly or indirectly may conflict with the interests of the Company. It is accepted and acknowledged that they may have business interests, other than those of the Company. As a pre-condition to their appointment as Independent Directors, they shall be required to declare any such conflicts to the Board, in writing in the prescribed format, at the time of their appointment.
- 10.4. Each Independent Director will be issued with clear guidelines on their roles, duties and responsibilities as Independent Directors. The key elements in which every Independent Director will be expected to contribute are: Strategy, Quality, Direction, Performance, Risk, People, Reporting and Compliance.
- 10.5. The key functions, responsibilities, roles and duties of Independent Directors shall be mentioned in their Appointment Letters.
- 10.6. Confidentiality : The Independent Directors will be required to maintain utmost confidentiality of all confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information acquired by them during their appointment with the Company and should not disclose them, either during their appointment or after their cessation as Director (by whatever means) to third parties, without prior clearance from the Board/Managing Director and/or Group CEO/CS of the Company, unless required by law.
- 10.7. All the Directors, KMP, SM should also comply with the Company's Code of Conduct for Directors and Senior Management Personnel, which relates to non-disclosure of price sensitive information and non-dealing in the securities of the Company. Consequently, they should avoid making any statements or performing any transaction that might result in breach of these requirements without prior clearance from the Chairman or the Company Secretary.
- 10.8. Dealing in Securities & Code of Conduct: In order to uphold ethical standards of integrity and probity, the Directors, KMP, SM are prohibited from dealing in the Company's securities during the period when the trading window is closed. Further, the Directors KMP and SM, being Designated Officers of the Company for the purpose of Insider Trading guidelines, are required to pre-clear all major trades (trade/lending/borrowing/gift of Rs. 10 lakhs and above during the calendar quarter single or cumulative) from the Managing Director ,Group CEO of the Company or the Compliance Officer. They are also required to comply with the Company's Code of Business Conduct and Ethics Policy (COBCE) and Code of Conduct for prevention of Insider Trading.

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10.9. Evaluation: The Company has adopted a process on Board Evaluation as provided under Companies Act, 2013 and as per the Listing Regulations, which entails an annual evaluation of the performance of the Board as a whole, the Board Committees, Chairman of the Board and Committees, all Directors, and CEOs. Thus, the appointment and re-appointment of Directors on the Board shall be subject to the outcome of the yearly evaluation process.

10.10. Insurance: The Company will cover all the Directors under a Directors' & Officers' Liability Insurance Policy, with adequate cover, and maintain / renew the same from time to time.

11. EXCEPTION

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the company, will be made if there are specific reasons to do so in an individual case and it will be put up to the NRC committee in its subsequent meeting.

12. POLICY REVIEW AND DELEGATION:

The Compliance Officer may review the Policy from time to time. Material Changes to the Policy will need the approval of the NRC/Board of Directors. Further the Committee may Delegate any of its powers to one or more of its members or Company Secretary or senior officials.

Any term not defined herein, shall have the same meaning ascribed to it, as defined under Companies Act, 2013 and the Rules framed thereunder, the SEBI Listing Regulations and any other law. Also in case of any subsequent changes in the provisions of the Act, SEBI Listing Regulations or any other regulations which make any of the provisions in the Policy inconsistent with such regulations, then the provisions of such Act, Regulations/Rules shall prevail over this Policy.

13. DISSEMINATION OF POLICY:

As per the provisions of the SEBI Listing Regulations, the Policy shall be disclosed on the website of the Company and the web link may be provided in the Annual Report.

AMENDMENT HISTORY

| Version No. | Date | Amendment History | Remarks |
|--------------------|-------------|---|--|
| 1.0 | 10-04-2016 | Succession Planning, Nomination & Remuneration Policy For Directors, Senior Management & Key Management Personnel | Approved in Board Meeting dated 10-04-2016 |
| 2.0 | 01.04.2019 | Modified the document as required due to changes in the Act, Rules and procedures. | Approved in Board Meeting dated 16-04-2019 |

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