

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 [3.00] and approved by Board of Directors on [19/04/2022]
By HRD**

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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 after determining qualifications, remuneration to be paid to them in any form, and 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 Act 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 and designated as key managerial personnel by the Board and;
 - Such other officers as may be prescribed under the Act and SEBI Listing Regulations
- g. “**Senior Management**” means officers/personnel of the Company who are members of its core management team (excluding the Board) and shall comprise the Chief Executive Officer / Managing Director / Whole-time Director / Manager (including CEO / Manager, in case they are not part of the Board and all employees in Grade 17 and above in addition to direct reports to the CEO) and shall specifically include the Company Secretary and the 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 Act, and SEBI 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 incumbents 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 roles to replace when the need arises due to 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 Act, in the areas of Director’s appointment and their remuneration in whatever form, criteria for determining their qualifications, their positive attributes, and independence of Directors and other matters as provided under the said Section.
- 3.5. Formulating the criteria for the evaluation of the 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 the 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 Listing 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 the authority to reconstitute this Committee from time to time.

5. SCOPE & COVERAGE

- 5.1. The nomination, appointment, and succession planning of the Board of Directors, Key Managerial Personnel (KMP), and Senior Management.
- 5.2. Remuneration policy for Directors, KMPs and Senior Management.

6. APPOINTMENT TO THE BOARD

- 6.1. The Nomination & Remuneration Committee (NRC) of the Board is responsible for ensuring 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 shall review 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 of the NRC of the Company.

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

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

- 7.1. The Company shall ensure that there is an appropriate induction programme for new Directors and an ongoing familiarization with respect to the business/working of the Company for all Directors. Presentations shall be made by Executive Directors/Senior Management, providing an overview of the 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 Product offerings, Markets, Software Delivery, Organization Structure, Finance, HR, Technology, Quality facilities and Risk Management and compliances.
- 7.2. The Company shall ensure that at the time of appointment of a Director, a formal letter of appointment is issued to him/her 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 to the Director in detail the compliances required from him/her under the Act, SEBI Listing Regulations and other relevant regulations and his/her affirmation is taken with respect to the same.
- 7.3. The Company shall ensure that there are processes in place which help 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 have 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 the public domain, marketing strategy, business risks and mitigation plan, etc. The Directors shall be periodically updated on the regulatory changes and their impact on the company.

8. APPOINTMENT OF 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 changing business needs/restructuring of functions/departments.
- 8.3. In case an SM/ KMP is due for retirement, the Managing Director &/or Group CEO/ GCHRO shall review the possibility of an extension of such personnel on the basis of the health, age and the person's willingness to continue for an extended term. In case an extension is feasible, such a case shall be forwarded to the NRC for its approval.

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- 8.4. In case such a position is to be filled internally or externally, the Managing Director &/or Group CEO/GCHRO shall evaluate suitable candidates for the said positions internally as well as externally on the basis of the criteria such as job role, experience, leadership qualities, competencies, trackrecord etc.
- 8.5. Once the identification process is completed by the Managing Director &/or Group CEO/GCHRO, the shortlisted candidates shall be referred to the NRC of the Board for a final evaluation and clearance for the appointment.
- 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 positions 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.
- 8.9. The NRC shall also discuss the development plans of Senior Management (Grade 17 and above and the direct reports of the CEO) and all personnel in Grade 16 to ensure that the organization has a good succession plan and lineup.

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 are reasonable and sufficient to attract, retain and motivate them.
- 9.2. At present, the following sitting fees have been fixed, as recommended by the NRC and approved by the Board of Directors. The sitting fees for the Non-Executive Directors shall be Rs.100,000 (Rupees One Lakh only) for each meeting of the Board, Audit Committee, Risk and Governance Committee and Nomination & Remuneration Committee. The sitting fees for the Non-Executive Directors shall be Rs.50,000 (Rupees Fifty Thousand Only) for each meeting of the Stakeholder Relationship Committee and Corporate Social Responsibility Committee. The Board may revise the sitting fees for the above committees and/or decide on sitting fees for any Ad-Hoc/Special Committee if required to be formed for a specific purpose at any time, however, as per the Act & SEBI Listing Regulations, the sitting fees cannot be more than Rs. 1,00,000 (Rs. One Lakh only) for any meeting of the committee or the Board.
- 9.3. The Independent Directors shall also be eligible for remuneration by way of commission based on the distributable Net Profits of the Company, subject to a maximum of one per cent (1%) or more (or as may be notified by the MCA under the Act) 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 shall be paid to any Non-Executive Director as Commission or overall remuneration without the approval of the Shareholders.

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- 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, Committee and any other meetings of the Company.
- 9.6. The compensation structure of the MD, GCEO, SMs and KMPs shall be benchmarked with industry salary trends and shall have components of fixed/base salary, variable pay and Long Term Incentive Plan (LTIP) which is in the form of ESOPs. LTIP eligibility shall be as per the company policy. The variable pay shall be linked to business and individual performance parameters, as separately outlined in a Variable Pay Plan document. In some cases, ESOPs may also form a component of the compensation, which shall be governed by the ESOP Plan document(s) and decided by the NRC which again shall be linked to business and individual performance.
- 9.7. The compensation, including any changes arising out of the annual appraisal cycle, change in role, or for any other reason, of the MD, GCEO, SMs and KMPs shall be approved by the Committee on the recommendation of the Management. As necessary, the same may be placed before the Board for their final approval. In addition to various other factors, the Committee shall consider the performance of the individual concerned in approving the proposed compensation.
- 9.8. Promotion proposals, if any, to the Senior Management level shall be presented to the NRC with details of performance, potential exhibited, an expanded role for the new position, availability of the new position in the organisation structure and any other details that the NRC may need for the purpose of decision making.
- 9.9. Promoters, Founder-Directors and Non-Executive Independent Directors of the Company shall not be eligible for ESOPs in terms of the current Regulations.
- 9.10. Promoter Directors holding executive Director positions will be covered for personal and Family Mediclaim Insurance (in addition to Company's Insurance plan) having premium payment / reimbursement up to Rs. 2,00,000 per Annum or at actuals, whichever is lower.

10. CRITERIA FOR DETERMINING QUALIFICATIONS

- 10.1. Non-Executive Independent Directors are expected to bring objectivity and independence 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 Director. The key elements to which every Independent Director will be expected to contribute are Strategy, Quality, Direction, Performance, Risk, People, Reporting, and Compliance.

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- 10.5. The key functions, responsibilities, roles, and duties of Independent Directors shall be mentioned in their Appointment Letters.
- 10.6. Independent Directors shall comply with the requirement of Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 by including their name in the databank maintained by the ‘Indian Institute of Corporate Affairs’ and fulfilling the conditions for the same.
- 10.7. 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.
- 10.8. All the Directors, KMP, and SM should also comply with the Company’s Code of Conduct for Directors and Senior Management Personnel (as the case may be), 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 a breach of these requirements without prior clearance from the Chairman or the Company Secretary.
- 10.9. Dealing in Securities & Code of Conduct: In order to uphold ethical standards of integrity and probity, the Directors, KMP, and 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. 10,00,000 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 the prevention of Insider Trading.
- 10.10. Evaluation: The Company has adopted a process of Board Evaluation as provided under the 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.
- 10.11. 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, may 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 shall 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, the Company Secretary, or any other senior official(s).

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Any term not defined herein shall have the same meaning ascribed to it, as defined under the 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 weblink 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
3.0	01.04.2022	Modified: Clause 2 (g)- Definition of Senior Management has been revised Clause 8.9- Added Clause 9.6- Modified Clauses 9.7, 9.8 and 9.10 – Added Clause 10.6 – Added Other minor changes were also made in the document for more clarity.	Approved in Board Meeting dated 19-04-2022

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