

# MODERN FINANCIAL SERVICES LIMITED

## NOMINATION, REMUNERATION AND EVALUATION POLICY

### INTRODUCTION

The Company on recommendation of its Nomination & Remuneration Committee has laid down this Nomination, Remuneration and Evaluation Policy, in compliance with the provisions of the Companies Act, 2013 read with the Rules made therein and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 "Listing Regulations" (as amended from time to time).

### PURPOSE

This Policy is formulated to provide a framework and set standards in relation to the followings:

1. Criteria for appointment and removal of Directors, Key Managerial Personnel (KMP) and Senior Management Executives of the Company.
2. Remuneration payable to the Directors, KMPs and Senior Management Executives.
3. Evaluation of the performance of the Directors.
4. Criteria for determining qualifications, positive attributes and independence of a Director.

### **POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTORS, KEY MANAGERIAL PERSONNELS AND SENIOR MANAGEMENT EXECUTIVES.**

#### **1. Appointment**

- The Nomination & Remuneration Committee (hereinafter referred to as "the Committee") shall identify and ascertain the integrity, qualification, expertise and experience of the candidate for appointment as Director, KMP or at Senior Management level and recommend his/ her appointment to the Board.
- The candidate should possess adequate qualification, expertise, knowledge, skills, background and industry experience for the position against which he/she is considered for appointment. The Committee has the discretion to decide whether the above requirements possessed by a person are sufficient/ satisfactory for the concerned position.
- While appointing the Directors and KMP, the Committee shall give due consideration to their limit of holding other directorships/office as specified in the Companies Act, 2013 read with the Rules made therein and the Listing Regulations.
- The Company shall not appoint or continue the employment of any person as Managing Director / executive Director who has attained the age of sixty years and shall not appoint Independent Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended at the discretion of the committee beyond the age of sixty years/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 sixty years/seventy years as the case may be.
- Ensure diversity of the members of the Board.

## **2. Term / Tenure**

The term/tenure of appointment or re-appointment of the Directors and the KMPs shall be in accordance with the provisions as specified in the Companies Act, 2013 read with the Rules made therein and the Listing Regulations.

## **3. Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations the Committee may recommend to the Board, removal of any Director, KMP or Senior Management Executives, with reasons recorded in writing and subject to the provisions & compliance of the applicable Act, Rules and Regulations.

## **POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNELS (KMPs) AND OTHER EMPLOYEES**

The Company follows the policy to fix remuneration of its Directors, KMPs and other employees by taking into account the trend in the industry, qualification, experience, past performance and past remuneration of the respective Directors, KMPs and other employees, in the manner to strike a balance between the interest of the Company and its Stakeholders.

The guiding principle for fixing remuneration payable to the Directors, KMPs and other employees are as follows:

- The level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate Directors, Key Management Personnel and other employees.
- The Remuneration/ Compensation/ Commission etc. paid to the Managing/ Whole-time/ Executive/ Independent Directors and/or KMP, shall be governed as per the provisions of the Companies Act, 2013 and rules made there under. The amount of sitting fees shall be paid in accordance with the decision of the Board, subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under.
- The remuneration / compensation / commission etc. to Directors will be determined by the Committee and recommended to the Board for approval.
- The Remuneration payable to the Directors, KMPs and other employees shall be reflective of the individual's role, responsibilities and experience in relation to performance of day-to-day activities.
- Remuneration package of the Executive Directors, KMPs and other employees, shall include basic salary, allowances and other statutory/non-statutory benefits and it shall involve a balance between fixed and variable incentives pay reflecting short term and long term performance objectives appropriate to the Company's working and its goal.

## **POLICY FOR EVALUATION OF INDEPENDENT DIRECTORS AND THE BOARD**

The evaluation/assessment of the Independent Directors and the Board of the Company is to be conducted on an annual basis in accordance with the requirements of the Companies Act, 2013 read with the Rules made there under, the Listing Regulations, as amended from time to time and any other enactment, as made applicable for the time being in force.

The Committee shall carry out the evaluation of performance of every Director. The evaluation of performance of the Independent Directors shall also be carried out by the entire Board of Directors excluding the Director being evaluated. The Independent Directors shall evaluate the Executive Directors of the Company and the Chairman in their separate Meeting. Evaluation performance should be carried out at least once in a year.

The Committee shall establish the criteria and processes for evaluation of performance of Individual Directors, Chairperson of the Board, the Board as a whole and the Committees of the Board and recommend the same to the Board. The evaluation of the Independent Directors shall also include evaluation of the fulfillment of the independence criteria as specified under the applicable laws and their independence from the Management.

The following criteria may assist in determining how effective the performances of the Directors have been -

- Leadership & Managerial abilities.
- Independent views and judgment
- Fulfillment of functions
- Contribution to the corporate objectives & plans.
- Communication of expectations & concerns clearly with subordinates.
- Obtaining adequate, relevant & timely information from external sources.
- Review & approval of strategic & operational plans of the Company, its objectives and budgets.
- Regular monitoring of corporate results against projection.
- Identification, monitoring & mitigation of significant corporate risks.
- Assessment of policies, structures & procedures followed in the Company and their significant contribution to the same.
- Direct, monitor & evaluate KMPs, senior officials.
- Regularity in attending meetings of the Company and inputs therein.
- Review & Maintenance of corporation's ethical conduct.
- Ability to work effectively with rest of the Board of Directors.
- Commitment to the promotion of equal opportunities, health and safety in the workplace.

The Nomination & Remuneration Committee and the Board of Directors will review this policy periodically and may amend or modify the Policy accordingly, from time to time.

*“Unless the context otherwise requires, word and expression used in this policy shall drive their meaning from the Companies Act, 2013 read with the Rules made there under, the Listing Regulations as amended from time to time and any other enactment, as made applicable for the time being in force.”*