

NOMINATION & REMUNERATION POLICY

INTRODUCTION:

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel and employees of the Company and to harmonize the aspirations of human resources consistent with the goals of the company and in terms of the provisions of the Companies Act, 2013 and the Listing Agreement with the Stock Exchange as per the requirements of SEBI (LODR) Regulations, 2015 (earlier old listing agreement) the Company has formulated "Nomination and Remuneration Policy." This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company.

DEFINITIONS:

1. **"Act"** means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
2. **"Board"** means Board of Directors of the Company.
3. **"Company"** means MosChip Semiconductor Technology Limited.
4. **"Directors"** mean Directors of the Company.
5. **"Committee"** means Nomination and Remuneration committee of the Company as constituted or re-constituted by the Board, from time to time.
6. **"Key Managerial Personnel"** means
 - i. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
 - ii. Chief Financial Officer;
 - iii. Company Secretary; and
 - iv. Such other officer as may be prescribed.
7. **"Senior Management"** means Senior Management means the personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.
8. **"Independent Director"** is as provided under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Companies Act, 2013.
9. **"Nomination and Remuneration Committee or Committee"** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR) Regulations, 2015.

I.OBJECTIVES:

The Key Objectives are:

1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
2. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
3. Formulation of criteria for evaluation of Independent Director and the Board.
4. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
5. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
6. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
7. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
8. To develop a succession plan for the Board and to regularly review the plan.
9. To assist the Board in fulfilling responsibilities.
10. To implement and monitor policies and processes regarding principles of corporate governance.

II. CONSTITUTION OF NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors of the Company constituted the committee to be known as the "Nomination and Remuneration Committee" consisting of three non-executive directors out of which not less than one-half are independent directors. The Chairman of the Committee is an Independent Director.

III. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

1. Appointment Criteria and Qualifications:

- a) The Committee shall identify and ascertain the Integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board of his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he/ she is considered for appointment. The Committee has discretion to decide

whether qualification, expertise and experience possessed by a person are sufficient/satisfactory for the concerned position.

- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who 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.
- d) 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 they can be appointed as Director in any Company with the permission of the Board of Directors of the Company.

2. Term/Tenure

a) Managing Director/Whole-time Director

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) 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 of upto maximum of 5 years each, 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.

Every Independent Director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change, give a declaration that he meets the criteria of independence.

3. Evaluation

The Committee shall carry out evaluation of performance of every Director including Independent Director, KMP and Senior Management Personnel at regular interval (yearly). Based on the evaluation performance report of the board, it shall be determined whether to extend or continue the term of appointment of the independent Directors

4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, 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 said Act, rules and regulations.

5. Retirement

The Directors, 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 the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

IV. POLICY FOR REMUNERATION TO DIRECTORS / KMP/ SENIOR MANAGEMENT PERSONNEL

1) Remuneration to Managing/Whole -time / Executive / Managing Director, KMP and Senior Management Personnel

The Remuneration/ Compensation/ Commission etc. to be paid to Director/ Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

2. Remuneration to Non-Executive/ Independent Directors

Sitting Fee:

Such director(s) may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or any other meeting as required by Companies Act, 2013, Equity Listing Agreement or other applicable law or for any other purpose whatsoever as may be decided by the Board;

Commission:

Under the Companies Act, 2013, Section 197 allows a company to pay remuneration to its Non-Executive Directors (NEDs) either by way of a monthly payment or at a specified percentage of the net profits of the company or partly by one way and partly by the other. Further, the section also states that where the company has managing director or whole-time director or manager, then a maximum of 1% of its net profits can be paid as remuneration to its NEDs. In case there is no managing director or whole-time director or manager, then a maximum of 3% of net profit can be paid. Thus, the basis of payment to the NEDs is the net profit of the Company.

Refund of excess remuneration paid:

If any such director draws or receives, directly or indirectly, by way of fee/remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, such remuneration shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive the recovery of any sum refundable to it.

Reimbursement of actual expenses incurred:

NEDs may also be paid/reimbursed such sums either as fixed allowance and /or actual as fair compensation for travel, boarding and lodging and incidental and /or actual out of pocket expenses incurred by such member for attending Board/ Committee Meetings. The Nomination and Remuneration Committee is entrusted with the role of reviewing the compensation of NEDs.

Payment to independent directors:

An independent director shall not be entitled to any stock option and may receive remuneration only by way of fees and reimbursement of expenses for participation in meetings of the Board or committee thereof and profit related commission up to a certain percentage of net profits in such proportion, as may be permissible under the applicable law.

V. POLICY REVIEW

This policy is framed based on the provisions of the Companies Act, 2013 read with rules made there under and the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (Earlier Clause 49 of the Listing Agreement).

This policy shall be reviewed by Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes in the policy shall be approved by the Board of Directors.

*This policy has been reviewed and adopted by the Board and will come into force with immediate effect.