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PRODOCS SOLUTIONS LIMITED
Corporate Identity Number: U72900MH2019PLC322408

NOMINATION & REMUNERATION POLICY

1. INTRODUCTION

A transparent, fair and reasonable process for determining the appropriate remuneration at all levels of Prodocs Solutions Limited ("**the Company**") is required to ensure that the shareholders remain informed and confident in the management of the Company. 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 ("**Act**") and the rules made there under and the SEBI(Listing Obligation and Disclosure Requirements) Regulations,2015, as amended from time to time ("**LODR Regulations**"), this policy on nomination and remuneration of Directors (including non-executive directors), the Key Managerial Personnel (KMP) and Senior Management has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors. This Policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors (including non- executive directors), Key Managerial Personnel and Senior Management Personnel.

2. OBJECTIVE OF THEPOLICY

(a) The objective of this Policy is to outline a framework to ensure that the Company's remuneration levels are aligned with industry practices and are sufficient to attract and retain competent director(s) on the Board, KMP(s) and the Senior Management Personnel of the quality required and to allow fair rewards for the achievement of key deliverables and enhanced performance. The key objectives of this Policy include:

(i) to formulate the criteria for determining qualifications, competencies, positive attributes and independence (wherever applicable) of directors for their appointment on the Board of the Company.

(ii) to recommend to the Board the remuneration payable to the directors, KMPs and senior management personnel.

(b) While determining the remuneration for the directors (including non- executive directors), KMPs and senior management personnel, regard should be given to prevailing market conditions, business performance and practices in comparable companies, also to financial and commercial health of the Company as well as prevailing laws and government/other guidelines, to ensure that pay structures are appropriately aligned and the levels of remuneration remain appropriate.

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(c) While designing the remuneration package, it should been sured:

(i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the person, to ensure the quality required to run the Company successfully;

(ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(iii) remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

3. EFFECTIVE DATE

This Policy shall be effective from the date of its adoption by the Boardi.e.17th January,2025.

4. DEFINITIONS

(a) In this Policy, unless the context other wise requires:

(i) **'Board of Directors'** or **'Board'**, in relation to the Company, means the board of directors of the Company.

(ii) **'Committee'** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in terms of the Act and LODR Regulations.

(iii) **'Independent Director'** means a director referred to in Section 149(6) of the Actread with LODR Regulations.

(iv) **'Key Managerial Personnel' (KMP)** shall have the meaning described to it in the Act and the Rules made there under.

(v) **'Policy'** means this Nomination and Remuneration Policy, as may be amended from time to time.

(vi) **'Senior Management Personnel'** for this purpose shall mean personnel of the Company who are members of its core management team excluding Board of Directors. It would comprise all members of management one level below the executive director(s), including the functional heads.

(b) Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and/ or LODR Regulation as may be amended from time to time shall have the meaning respectively assigned to

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may be amended from time to time shall have the meaning respectively assigned to them therein.

5. APPLICABILITY

This Policy is applicable to:

(i) Directors
(ii) Key Managerial Personnel
(iii) Senior Management Personnel

6. MEMBERSHIP

(a) The Committee shall consist of such number of directors as is required under applicable laws.

(b) Membership of the Committee shall be disclosed in the Annual Report and on the website of the Company.

(c) Term of the Committee shall be continuous unless terminated by the Board of Directors.

7. CHAIRMAN

(a) The Chairman of the Committee shall be an Independent Director.

(b) The Chairman of the Company (whether executive or non-executive) may be appointed as a member of the Committee but shall not be the Chairman of the Committee.

(c) The Chairman of the Nomination and Remuneration Committee meeting may be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

8. FREQUENCY OFMEETINGS

The meeting of the Committee shall be held at such intervals as may be required subject to minimum one meeting in a financial year.

9. COMMITTEE MEMBERS'INTERESTS

(a) A member of the Committee is not entitled to be present when his or her own

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remuneration is discussed at a meeting or when his or her performance is being evaluated.

(b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

10. SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

11. QUORUM

The quorum necessary for transacting business at a meeting of the Committee shall be two members or one-third of the members of the Nomination and Remuneration Committee; whichever is greater.

12. VOTING

(a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of members present. Any such decision shall for all purposes be deemed a decision of the Committee.

(b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

13. RESPONSIBILITY OF THECOMMITTEE

The Committee is responsible for:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the level and composition of remuneration of the directors, key managerial personnel, senior management and other employees;
2. Formulation of criteria for evaluation of independent directors and the Board;
3. To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
4. Devising a policy on Board diversity; and
5. 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 their appointment and removal.
6. Analysing, monitoring and reviewing various human resource and compensation matters
7. Deciding 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;

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8. Determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
9. Recommending to the board, all remuneration, in whatever form, payable to senior management and other staff, as deemed necessary;
10. Reviewing and approving the Company's compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
11. Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, if applicable;
12. Frame suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:
    a. the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
    b. the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, by the trust, the Company and its employees, as applicable.
13. Administering monitoring and formulating detailed terms and conditions the employee stock option scheme/ plan approved by the Board and the members of the Company in accordance with the terms of such scheme/ plan ("ESOP Scheme"), if any;
14. Construing and interpreting the ESOP Scheme and any agreements defining the rights and obligations of the Company and eligible employees under the ESOP Scheme, and prescribing, amending and/ or rescinding rules and regulations relating to the administration of the ESOP Scheme;
15. Perform such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 to the extent notified and effective, as amended or by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or by any other applicable law or regulatory authority.
16. 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.

17. Carrying out any other functions required to be carried out by the Nomination and Remuneration Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.
    (a) any other responsibility as determined by the Board.

14. APPOINTMENT OF DIRECTORS, KMP OR SENIOR MANAGEMENTPERSONNEL

(a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as a Director, KMP and/or Senior Management Personnel and recommend to the Board his / her appointment.

For the appointment of Independent Directors, the 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 and thereafter propose appointment of an Independent Director who meets these requirements.

(b) The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

(c) Appointment of Directors, KMPs and Senior Management Personnel is subject to compliance of provisions of the Act and LODR Regulations.

15. REMUNERATION

(a) Remuneration to Executive Director

Fixed pay:

- Executive Director(s) shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being In force and the approvals obtained from the shareholders of the Company.

- The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee.

Variable component:

- The Executive Director(s) may be paid performance linked commission within the overall limits as approved by the shareholder and Central Government, wherever required.

(b) Remuneration to Non-Executive Directors including Independent Directors:

(i) The remuneration to the Non-executive Directors (including Independent Directors) may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% or 3%, as the case may be, of the profits of the Company computed as per the applicable provisions of the Companies

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Act, 2013

(ii) The Non- Executive Directors and Independent Directors of the Company are entitled to receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof in accordance with the provisions of the Act.

(iii) The Independent Directors shall not be entitled to any stock incentive of the Company.

(iv) Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied: i) The services are rendered by such director in his capacity as the professional; and ii) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

(c) **Remuneration to KMP and Senior Management Personnel:**

(i) KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.

(ii) The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Committee.

(d) Where any insurance is taken by the Company on behalf of its managing director, whole-time director, manager, Chief Executive Officer, Chief Financial Officer or Company Secretary for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

16. POLICY ON BOARDDIVERSITY

(a) The Board of Directors shall have the optimum combination of Directors from the different areas/ fields like production, management, quality assurance, finance, sales and marketing, research and development, Human Resources etc. or as may be considered appropriate.

(b) The Board shall have at least one Board member who has accounting or related financial management expertise.

17. REMOVAL

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Director(s), KMP(s) and Senior Management subject to the provisions and compliance of the applicable Act, rules and LODR Regulations.

18. DISCLOSURE OFINFORMATION

This Policy shall be disclosed in the Board's report.

19. DEVIATION FROM THEPOLICY

The Board may, in individual or collective case, deviate from this Policy, in its absolute discretion, if there are reasons to do so. In the event of any departure from the Policy, the Board shall record the reasons for such departure in the Board's minutes.

20. AMENDMENTS TO THEPOLICY

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Nidhi P. Sheth

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