



**SURAKSHA DIAGNOSTIC LIMITED**  
**NOMINATION AND REMUNERATION POLICY**

## **INTRODUCTION**

Suraksha Diagnostic Limited (the “**Company**”) has always considered its human resources as its prime driving force. The Company has adopted a policy which covers a whole gamut of human resource functions such as recruitment, promotion, training and development.

In compliance with the provisions of Section 178 of the Companies Act, 2013 read with the Rules framed thereunder, as amended from time to time (the “**Act**”) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “**SEBI Listing Regulations**”), the Company has laid down this Nomination, Remuneration and Evaluation Policy. These policies have been adopted by the Board of Directors of the Company (“**Board**”) and amended from time to time by the competent authority.

The Company’s Board has constituted a Nomination and Remuneration Committee (the “**Committee**”) consisting of three or more non-executive directors out of which not less than one-half are independent directors, and the Chairman of the said Committee is an independent director.

The Policy has been formulated by the Company and the same was recommended for approval of the Board. The Board has approved the Policy.

## **PURPOSE**

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

- i. Criteria for appointment and removal of Directors, Key Managerial Personnel (KMP) and
- ii. Senior Management Executives of the Company.
- iii. Remuneration payable to the Directors, KMPs and Senior Management Executives.
- iv. Evaluation of the performance of every Director.
- v. Criteria for determining qualifications, positive attributes and independence of a director.

## **DEFINITIONS**

- a. “**Act**” means the Companies Act, 2013 and rules framed thereunder, as amended from time to time.
- b. “**Board**” means the Board of Directors of the Company.
- c. “**Committee**” means the Nomination and Remuneration Committee.
- d. “**Company**” means MSTC Limited.
- e. “**Directors**” mean members of the Board.
- f. “**Key Managerial Personnel**” or “**KMP**” means;
  - (i) The Chief Executive Officer or the Managing Director or the Manager;

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- (ii) The Whole-time Director;
  
- (iii) The Chief Financial Officer;
- (iv) The Company Secretary;
  
- g. “**Other employees**” means all the employees other than the Directors, KMPs, the Senior Management Personnel, Officers or Executives.
  
- h. “**Senior Management**” mean personnel of the Company who are members of its core management team excluding the Board comprising all members of management at one level below the whole-time directors
  
- i. “**Independent Directors**” means a director referred to in Section 149 (6) of the At

### **COMMITTEE**

- I. The Nomination and Remuneration Committee;
  
- II. The Committee shall comprise of at least three non-executive directors, of which not less than one-half shall be independent directors;
  
- III. The company secretary of the Company shall act as secretary to the Committee;
  
- IV. Terms of reference of the Committee shall be continued unless terminated by the Board;
  
- V. The Chairperson of the Committee shall be an Independent Director;
  
- VI. Chairperson of the Company may be appointed as a member of the Committee but shall not chair such Committee;
  
- VII. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson other than chairperson of the Company;
  
- VIII. Chairperson of the Committee meeting may be present at the annual general meeting of the Company or may nominate some other member to answer the shareholders queries;
  
- IX. The meeting of the Committee shall be held at such regular intervals as may be required;
  
- X. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

**ROLES AND RESPONSIBILITIES OF THE COMMITTEE**

- i. Decide on the annual bonus/ performance pay/ variable pay pool and policy for its distribution across the executives and non-executives of the company;
- ii. Formulation and modification of schemes for providing perks and allowances for officers and non-executives ;
- iii. Exercising such other roles assigned to it by the provisions of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and any other laws and their amendments from time to time.

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

**A. Appointment**

- i. 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.
- ii. The candidate should possess adequate qualifications, 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.
- iii. 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 Agreement (as amended from time to time) and/or any other applicable enactment, for the time being in force.
- iv. Ensure diversity of the members of the Board.
- v. A letter of appointment shall be given to each Director, KMP and Senior Management Executives, appointed in the Company mentioning his/her terms of appointment and a copy of the said letter shall be acknowledged by the appointee.

**B. 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 Agreement, as amended from time to time and/or any other applicable enactment, for the time being in force.

### **C. Removal**

Due to reasons for any disqualification, 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 PERSONELL 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 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.

### **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 Agreement, as amended from time to time and any other enactment, as made applicable for the time being in force.

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

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- Leadership & managerial abilities.
- 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 of attending meetings of the Company and inputs therein.
- Review & Maintenance of corporation's ethical conduct.
- Ability to work effectively with the rest of the Board of Directors.
- Commitment to the promotion of equal opportunities, health and safety in the workplace.

Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/Non-Independent Directors in a separate meeting of the Independent Directors. The performance evaluation of Independent Directors shall be done by the entire Board of Directors of the Company, excluding the Director being evaluated.

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

### **TERMS OF REFERENCE**

The Committee shall consider and oversee the implementation of the objectives stated in this Terms of Reference.

- (a) Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.
- (b) 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
  - (i) use the services of an external agencies, if required;
  - (ii) consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - (iii) consider the time commitments of the candidates;

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The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:

- (i) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;
  - (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - (iii) remuneration to directors, key managerial personnel 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.
- (c) Formulating criteria for evaluation of performance of independent directors and the Board;
  - (d) Devising a policy on diversity of Board;
  - (e) 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 and shall specify the manner for effective evaluation of performance of the Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;
  - (f) Extending or continuing the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
  - (g) Recommending to the board, all remuneration, in whatever form, payable to senior management;
  - (h) Analysing, monitoring and reviewing various human resource and compensation matters, including the compensation strategy;
  - (i) 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;
  - (j) Recommending the remuneration, in whatever form, payable to non-executive directors and the senior management personnel and other staff (as deemed necessary);
  - (k) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
  - (l) Framing suitable policies and systems to ensure that there is no violation, as amended from time to time, of any securities laws or any other applicable laws in India or overseas, including:
    - (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; and
    - (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade

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Practices relating to the Securities Market) Regulations, 2003, as amended;

- (m) performing such other functions as may be delegated by the Board and/or prescribed under the SEBI Listing Regulations, the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, the Companies Act, each as amended or other applicable law;
- (n) 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.
- (o) Administering, monitoring and formulating detailed terms and conditions of the employee stock option scheme/plan approved by the Board and shareholders of the Company in accordance with the terms of such scheme/plan (“**ESOP Scheme**”) including the following:
  - (i) Determining the eligibility of employees to participate under the ESOP Scheme;
  - (ii) Determining the quantum of option to be granted under the ESOP Scheme per employee and in aggregate;
  - (iii) Date of grant;
  - (iv) Determining the exercise price of the option under the ESOP Scheme;
  - (v) The conditions under which option may vest in employee and may lapse in case of termination of employment for misconduct;
  - (vi) The exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
  - (vii) The specified time period within which the employee shall exercise the vested option in the event of termination or resignation of an employee;
  - (viii) The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
  - (ix) Re-pricing of the options which are not exercised, whether or not they have been vested if stock option rendered unattractive due to fall in the market price of the equity shares;
  - (x) The grant, vest and exercise of option in case of employees who are on long leave;
  - (xi) the vesting and exercise of option in case of grantee who has been transferred or whose services have been seconded to any other entity within the group at the instance of the Company;
  - (xii) Allow exercise of unvested options on such terms and conditions as it may deem fit;
  - (xiii) The procedure for cashless exercise of options;
  - (xiv) Forfeiture/ cancellation of options granted;
  - (xv) Arranging to get the shares issued under the ESOP Scheme listed on the stock exchanges on which the equity shares of the Company are listed or maybe listed in future.
  - (xvi) Formulating and implementing the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights



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issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration:

- the number and the price of stock option shall be adjusted in a manner such that total value of the option to the employee remains the same after the corporate action;
  - for this purpose, global best practices in this area including the procedures followed by the derivative markets in India and abroad may be considered; and
  - the vesting period and the life of the option shall be left unaltered as far as possible to protect the rights of the employee who is granted such option.
- (p) Construing and interpreting the employee stock option scheme/plan approved by the Board and shareholders of the Company in accordance with the terms of such scheme/plan (“**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;]
- (q) Engaging the services of any consultant/professional or other agency for the purpose of recommending compensation structure/policy; and
- (r) Performing such other functions as may be necessary or appropriate for the performance of its duties.

### **IMPLEMENTATION**

The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this Policy as considered appropriate. The Committee may delegate any of its powers to one or more of its members. This Policy shall be reviewed by the Committee as and when any notification or amendments are notified by the regulatory authorities affecting the policy formed hereinabove. Any changes or modifications in the Policy as recommended by the Committee will be submitted for approval of the Board. The Policy shall be effective from the date of approval by the Board, unless specified otherwise.

### **DISSEMINATION OF POLICY**

This Policy shall also be posted on the website of the Company and the details of this Policy, including the evaluation criteria, shall be mentioned in the Board’s Report.

### **AMENDMENTS**

The Board may review or amend this Policy, in whole or in part, from time to time, after taking into account the recommendations from the Committee.