



MOTILAL OSWAL FINANCIAL SERVICES LIMITED

Nomination and Remuneration Policy

("Policy")

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VERSION DETAILS

Sr. No.	Details of Changes	Date of Creation/ Change	Department	Author	Version Number	Approved By
1.	Original Document	-	Corporate Secretarial	Samrat Sanyal	Ver.1.0	Board of Directors
2.	Change in Senior Management	19/10/2015	Corporate Secretarial	Vidhi Gala	Ver. 1.1	Board of Directors
3.	Changes due to amendments in the regulatory provisions	31/03/2019	Corporate Secretarial	Kailash Purohit	Ver. 1.2	Board of Directors
4.	Changes due to amendments in the regulatory provisions	27/04/2023	Corporate Secretarial	Kailash Purohit	Ver. 1.3	Board of Directors

I. INTRODUCTION

Pursuant to Section 178 of the Companies Act, 2013 (“the Act”) and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) read with the SEBI Circular bearing reference No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/24 dated February 06, 2023 regarding enhanced obligations and responsibilities on Qualified Stock Brokers (QSBs) (“SEBI Circular”) (as amended from time to time), the Board of Directors of the Company shall:

- constitute the Nomination and Remuneration Committee comprising of at least three (3) Non-Executive Directors out of which not less than two-thirds are Independent Directors as required under the Act and the Listing Regulations. The Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not Chair such Committee.
- formulate a Nomination and Remuneration Policy

Accordingly, the Board has constituted this Committee and formulated this Policy in compliance with the provisions of the Act, Listing Regulations and SEBI Circular.

II. OBJECTIVE

The objective of this Policy is to lay down a framework in relation to remuneration of Directors, Key Managerial Personnel (“KMP”) and Senior Management. The Key Objectives of the Nomination and Remuneration Committee would be:

1. To guide the Board in relation to appointment and removal of Directors, KMP 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, KMP 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.
5. To recommend to the Board on Remuneration payable to the Directors, KMP and Senior Management.
6. To provide to KMP 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 devise a policy on Board’s diversity.

III. DEFINITIONS

“**Board**” means the Board of Directors of the Company.

“**Company**” means “Motilal Oswal Financial Services Limited”.

“**Independent Director**” means a Director referred in Section 149(6) of the Act.

“**Key Managerial Personnel**” (“KMP”) means:

- (i) Chief Executive Officer or Managing Director or Manager,
- (ii) Company Secretary,
- (iii) Whole-time Director,
- (iv) Chief Financial Officer and
- (v) Such other officer as may be prescribed.

“**Nomination and Remuneration Committee**” (“NRC” or “the Committee”) shall mean a Committee of the Board of the Company, constituted in accordance with the provisions of Section 178 of the Act and Listing Regulations.

“**Policy**” or “**This Policy**” means the Nomination and Remuneration Policy.

“**Remuneration**” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-Tax Act, 1961.

“**Senior Management**” shall mean the officers and personnel of the Company who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole-time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.”

Note for the above definition: Members of management one level below shall also includes Business Head(s).

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Act, as may be amended from time to time, shall have the meaning respectively assigned to them herein.

IV. ROLE OF THE COMMITTEE

The role of the Committee inter alia will be the following:

- a) Formulate criteria to qualify individuals who may become Director or who may be appointed in senior management level of the Company and recommend to the Board of such appointments and removal.

- b) Carry out performance evaluation of all Directors.
- c) Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- d) Recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and Senior Management. The Policy shall be referred as Nomination and Remuneration policy.
- e) To decide on the commission payable to the Directors within the prescribed limit and as approved by the shareholders of the Company.
- f) To devise the Policy on Board's diversity.
- g) To formulate, implement and administer Employee Stock Option Scheme(s) of the Company and grant stock options to the employees.
- h) To recommend to the Board, all remuneration, in whatever form, payable to Senior Management.
- i) To decide whether to extend or continue the term of appointment of the independent director on the basis of report of performance evaluation of independent director.
- j) To 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, in case of appointment of an Independent Director.
- k) To confirm that compensation payable to Research Analyst(s) are not determined or based on any specific merchant banking or investment banking or brokerage services transaction and approve the said compensation payable to Research Analyst(s).
- l) To carry out any other function as is mandated by the Board from time to time and/ or enforced by any statutory notification, amendment or modification, as may be applicable and such other powers to be exercised by the NRC pursuant to circulars, notifications issued by Statutory & Regulatory authorities from time to time.

V. MEMBERSHIP OF THE COMMITTEE

- a) The Committee shall comprise of at least three (3) Directors, all of whom shall be Non-Executive Directors and at least two-thirds shall be Independent. The Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Committee.
- b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Act and Listing Regulations and such other applicable statutory requirement.

- c) Minimum two (2) members or one third of the members of the Committee, whichever is greater, including at least one Independent Director in attendance shall constitute a quorum for the Committee meeting.
- d) Membership of the Committee shall be disclosed in the Annual Report.
- e) Term of the Committee shall be continued unless terminated by the Board.

VI. CHAIRPERSON

- a) Chairperson of the Committee shall be an Independent Director.
- b) Chairperson of the Company, whether executive or non-executive, may be appointed as a member of the Committee but shall not Chair the Committee.
- c) In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- d) Chairperson of the Committee should be present at the Annual General Meeting or may nominate some other member to answer the Shareholders' queries.

VII. FREQUENCY OF THE MEETING

The meeting of the Committee shall be held at least once in a year.

VIII. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairperson of the said meeting or the Chairperson of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting.

IX. COMMITTEE MEMBERS' INTERESTS

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

X. VOTING

- a) Matters arising for determination at the Committee meetings shall be decided by a majority of votes of members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b) In the case of equality of votes, the Chairperson of the meeting will have a casting vote.

XI. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

• Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or Senior Management and recommend to the Board his/ her appointment.
2. 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.
3. The Company shall not appoint or continue the employment of any person as Managing Director/ Whole-time Director/ Manager 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 the 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.

4. The Company shall not appoint a person or continue the directorship of any person as a Non-Executive Director who has attained the age of seventy-five years unless a Special Resolution is passed to that effect, in which case the explanatory statement annexed to the Notice for such motion shall indicate the justification for appointing such a person.

• Term/ Tenure:

1. Managing Director/ Whole-time Director/ Manager (“Managerial Person”):

- The Company shall appoint or re-appoint any person as its Managerial Person 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.

2. 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 shall be made in the Board's Report of the Company.
- No Independent Director shall hold office for more than two consecutive terms, 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.

• **Evaluation:**

The performance evaluation shall be carried out as given below:

Performance Evaluation by	Of Whom
Nomination and Remuneration Committee	Every Director's performance
Board of Directors	- All Directors and Board and Committees as a whole - All Independent Directors excluding the Director being evaluated
Independent Directors	Review the performance of Non-independent Directors and Chairperson of the Company

The Committee shall carry out evaluation of performance of every Director at regular interval (yearly).

• **Removal:**

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

• **Retirement:**

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Act and the prevailing internal policy of the Company. The Board will have the discretion to retain the Director, KMP and Senior Management in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

XII. PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSON, KMP AND SENIOR MANAGEMENT

• **General:**

1. The remuneration/ compensation/ commission etc. to Managerial Person, KMP and Senior Management will be determined by the Committee and recommended to the Board for approval. The remuneration/ compensation/ commission etc. shall be subject to the prior/ post approval of the Shareholders of the Company and such other approval, wherever required.
2. The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Act and the Rules made thereunder and Listing Regulations for the time being in force.

3. Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Person.
4. The remuneration structure will have a right mix of guaranteed (fixed) pay, pay for performance and long term variable pay based on business growth and other factors such as growth in Shareholder's value to ensure that it is competitive and reasonable.
5. Where any insurance is taken by the Company on behalf of its Managerial Person, KMP and for Senior Management 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.

• **Remuneration to Managerial Person, KMP and Senior Management:**

1. Fixed pay:

Managerial Person, KMP and Senior Management 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 Act and the Rules made thereunder for the time being in force. The break-up of the pay scale and quantum of perquisites including employer's contribution to Provident Fund(s), pension scheme(s), medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the Shareholders and such other approval, wherever required.

2. Variable Pay:

The Company may in its discretion structure any portion of remuneration to link rewards to corporate and individual performance, fulfilment of specified improvement targets or the attainment of certain financial or other objectives set by the Board. The amount payable shall be based on performance against pre-determined financial and non-financial metrics.

3. Provision for excess remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Act. If any Managerial Person draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without such approval, wherever required, he/ she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.

Provided that the Company may waive the recovery of any sum refundable to it after passing of the Special Resolution within two years from the date the sum becomes refundable.

• **Remuneration to Non-Executive/ Independent Director:**

1. Remuneration/ Commission:

The remuneration/ commission, if any, shall be in accordance with the statutory provisions of the Act and the Rules made thereunder for the time being in force.

2. Sitting Fees:

The Non-Executive/ Independent Director may receive remuneration by way of fees for attending meetings of the Board or Committee thereof.

Provided that the amount of such fees shall not exceed the maximum amount as provided in the Act, per meeting of the Board or Committee or such amount as may be prescribed from time to time.

3. Limit of Remuneration/ Commission:

Remuneration/ Commission may be paid to Non-Executive/ Independent Directors within the monetary limit approved by the Shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Act. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Non-Executive/ Independent Directors in accordance with the provisions of Schedule V of the Act. If any Non-Executive/ Independent Directors draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without such approval, wherever required, he/ she shall refund such sums to the Company, within two years or such lesser period as may be allowed by the Company, and until such sum is refunded, hold it in trust for the Company.

Provided that the Company may waive the recovery of any sum refundable to it after passing of the Special Resolution within two years from the date the sum becomes refundable.

XIII. GUIDING PRINCIPLES

The Policy ensures that:

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- Remuneration to Directors, KMP 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.

XIV. DEVIATIONS FROM THIS POLICY

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

XV. POLICY ON BOARD'S DIVERSITY

The Company recognizes and embraces the importance of a diverse Board in its success. The Company believes that a truly diverse Board will leverage differences in thought, perspective, regional and industry experience, cultural and geographical background, age, ethnicity, race, gender, knowledge & skills including - expertise in financial sector, leadership, technology, Mergers & Acquisition, Board service, Environment Social & Governance ("ESG"), Risk and Cyber Security and other domains, which will ensure that the Company attain competitive advantage in the industry.

The Policy on Board's Diversity devised pursuant to the provisions of the Listing Regulations and other applicable provisions is enclosed as **Annexure 1**.

XVI. REVIEW/ REVISION OF THE POLICY

If at any point a conflict of interpretation/ information between the Policy and any regulations, rules, guidelines, notification, clarifications, circulars, master circulars/ directions issued by relevant authorities ("Regulatory Provisions") arises, then interpretation of the Regulatory Provisions shall prevail.

In case of any amendment(s) and/ or clarification(s) to the Regulatory Provisions, the Policy shall stand amended accordingly from the effective date specified as per the Regulatory Provisions. The Board and/ or its Committee reserve(s) the right to alter, modify, add, delete or amend any of the provisions of the Policy.

POLICY ON BOARD'S DIVERSITY**PURPOSE**

The Policy on Board's Diversity ("Policy") is prepared in accordance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Companies Act, 2013 ("the Act"), including amendments thereto and any other applicable law, rules and regulations.

SCOPE

The Policy applies to the composition of the Board only and does not apply to diversity in relation to the employees of the Company.

OBJECTIVE

The Company believes that a diverse Board will contribute to the achievement of its strategic and commercial objectives, including to:

- drive business performance
- make corporate governance more effective
- enhance quality and responsible decision making capability
- ensure sustainable development

NOMINATION AND APPOINTMENT

The Nomination and Remuneration Committee ("NRC/ the Committee") of the Board shall be responsible for:

- Reviewing and assessing the composition and performance of the Board.
- Identify appropriate qualified personnel to occupy Board position.
- Suggest appropriate expertise and diversity required based on future projected activities of the Company.
- Managing the process of recruiting new member to the Board, defining requisite skills and expertise and make recommendations to the Board.
- Ensuring that selection process is formal and thorough and non-discriminatory.

The Committee shall also review the Board composition in terms of the size of the Board, the composition of the Executive and Non-Executive Directors and the composition of Independent Directors including Woman Director each of which shall be in accordance with the requirements of the Articles of Association of the Company, the Act, the Listing Regulations and other statutory/ regulatory requirements.

DISCLOSURE

The Policy shall be disclosed as required by various laws, rules and regulations from time to time.