

MIDWEST LIMITED

(Formerly Known as Midwest Granite Private Limited)

NOMINATION AND REMUNERATION POLICY

1. PREAMBLE

Midwest Limited (the “**Company**”) has formulated this Nomination and Remuneration Policy (“**Policy**”) to provide a framework for remuneration of members of the board of directors (the “**Board**”) of the Company, key managerial personnel, senior management personnel and other employees of the Company.

This Policy is guided by the principles and objectives as enumerated in Section 178 (3) of the Companies Act, 2013 and the rules made thereunder, each as amended (the “**Act**”) and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**SEBI Listing Regulations**”).

In case of any inconsistency between the provisions of law and this Policy, the provisions of the law shall prevail and the Company shall abide by the applicable law.

While formulating this policy, the Nomination and Remuneration Committee (“**NRC**”) has considered the factors laid down under Section 178(4) of the Act, which are as under:

- (a) 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;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) 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.

2. ROLE OF COMMITTEE

The NRC shall:

- a. Identify persons who are qualified to become Directors and who may be appointed as Senior Management of the Company including KMPs in accordance with the criteria laid down in this Policy.
- b. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board, remuneration of the Directors, KMP, Senior Management and other Employees of the Company.
- c. Formulation of criteria for evaluation of independent directors and the Board. For every appointment of an independent director, the NRC 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 NRC may: use the services of external agencies, if required; consider candidates from a wide range of backgrounds, having due regard to diversity; and consider the time commitments of the candidates.

- d. Devising a policy on Board diversity.
- e. To lay down or amend Policy for appointment and removal of Director, KMP and Senior Management.
- f. Recommend to the Board, appointment and removal of Director, KMP and Senior Management.
- g. Recommend to the Board 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.
- h. To ensure 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.
- i. To ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- j. To recommend to the Board, all remuneration, in whatever form, payable to Senior Management
- k. To ensure that the remuneration to Directors, KMP and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives of the Company.
- l. Administering, monitoring and formulating detailed terms and conditions of any ESOP plans of the Company.

Appointment criteria and qualifications

The NRC 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 his / her appointment and while doing so, take note of the following:

- a. The person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The NRC has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient and satisfactory for the concerned position.
- b. The Company shall not appoint or employ at the same time a managing director and a manager.
- c. The Company shall not appoint or continue the employment of any person as managing director, manager or whole time director who is below the age of twenty-one years or has attained the age of seventy years.

Provided that the appointment of a person who has attained the age of seventy years or term of such 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 in accordance with applicable law.

- d. At the time of appointment of a Director it should be ensured that number of boards on which such Director serves as a director, including an alternate directorship, is restricted to twenty companies (including not more than ten public companies). Further a person shall not be a director in more than seven listed entities.
- e. At the time of appointment of Independent Director it should be ensured that the number of boards of companies on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Applicable Law.
- f. No independent director, who resigns from a listed entity, shall be appointed as an executive / whole time director on the board of the Company, its holding, subsidiary or associate company or on the board of a company belonging to its promoter group, unless a period of one year has elapsed from the date of resignation as an independent director.
- g. The Company shall ensure that approval of shareholders for appointment or re-appointment of a person on the Board is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier.
- h. An independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.
- i. Any vacancy in the office of independent director shall be filled by appointment of a new independent director within the prescribed period under the Act and/or SEBI Listing Regulations.
- j. Provided that where the company fulfils the requirement of independent directors in its Board even without filling the vacancy, the requirement of replacement by / appointment of a new independent director shall not apply.

Evaluation

The NRC shall carry out evaluation of performance of every Director, KMP and Senior Management at regular interval (annually).

Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable law, the NRC 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 Act and the rules made thereunder.

Retirement

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

Vacancies

Any vacancy in the office of the Chief Executive Officer, Managing Director, Whole Time Director, Manager, Director, Chief Financial Officer and Compliance Officer shall be filled in accordance with the Act and the Listing Regulations.

3. REMUNERATION OF NON-EXECUTIVE AND INDEPENDENT DIRECTORS

- 3.1 Non-Executive and Independent Directors (“NEDs”) will be paid remuneration by way of sitting fees and commission. The remuneration/ commission/ compensation to the NEDs will be determined by the NRC and recommended to the Board for its approval. The NRC will determine commission based on Company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board and will recommend to the Board, the quantum of commission for each director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent on the Board and committee meetings, individual contributions at the meetings and contributions made by directors other than in meetings.
- 3.2 The commission will be paid to the NEDs in accordance with the Act and as approved by the shareholders from time to time. The commission to be paid will be restricted to a fixed sum within the above limit annually on the basis of their tenure in office during the financial year.
- 3.3 The sitting fee payable to the NEDs for attending the Board and NRC meetings shall be subject to statutory ceiling. The fee will be reviewed periodically and aligned to comparable best in class companies.
- 3.4 Independent Directors will not be eligible to receive stock options under the employee stock option scheme(s) (“ESOP”) of the Company, unless otherwise permitted by applicable regulations.
- 3.5 In addition to the sitting fees and commission, the Company may pay to any director such fair and reasonable expenditure, as may have been incurred by the director while performing his/her role as a director of the Company. This could include reasonable expenditure incurred by the director for attending Board / Board committee meetings, general meetings, court convened meetings, meetings with shareholders / creditors / management, site visits, induction, and training (organized by the Company for directors) and in obtaining professional advice from independent advisors in the furtherance of his/her duties as a director.
- 3.6 The remuneration payable to the Directors for services rendered in other capacity shall be inclusive of any remuneration payable for services rendered by such director in any other capacity, unless:
 - The services rendered are of a professional nature; and

- The NRC is of the opinion that the director possesses requisite qualification for the practice of the profession.

3.7 The remuneration payable by the Company to NEDs shall be subject to the conditions specified in the Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

4. REMUNERATION OF EXECUTIVE DIRECTOR/ KEY MANAGERIAL PERSONNEL / OTHER EMPLOYEES

The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be:

- Market competitive (market for every role is defined as companies from which the Company attracts talent or companies to which the Company loses talent),
- Driven by the role played by the individual,
- Reflective of size of the Company, complexity of the sector/industry/Company's operations and the Company's capacity to pay,
- Consistent with recognized best practices and
- Aligned to any regulatory requirements.

4.1 The compensation paid to the executive directors (including managing director) will be within the scale approved by the shareholders. The elements of the total compensation, approved by the NRC will be within the overall limits specified under the Act. The remuneration payable by the Company to the executive directors shall be subject to the conditions specified in the Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

4.2 The Company's total compensation for KMP as defined under the Act / other employees will consist of:

- 4.2.1** fixed compensation in line with the skills, experience and performance;
- 4.2.2** variable compensation, including performance based incentive;
- 4.2.3** benefits including retirement, insurance, and medical coverage; and
- 4.2.4** work-related facilities and perquisites in line with policies issued from time to time.

4.3 In addition, select senior executives including the executive directors (including managing director) but excluding promoter director, will be eligible for long-term incentive plan in the form of ESOPs, as per the ESOP scheme in force from time to time in accordance with the Act and other applicable law. Grants under the ESOP scheme will be approved by the NRC.

4.4 In addition to the basic/ fixed salary, benefits, perquisites, and allowances as provided above, the Company may provide executive directors (including managing director) such remuneration by way of commission, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board, subject to the overall ceilings stipulated in Section 197 of the Act. The specific amount payable to the executive directors (including

managing director) would be based on performance as evaluated by the Board or the NRC and approved by the Board. In case of inadequacy of profit in any financial year, the remuneration payable to the executive director shall be further subject to the relevant provisions of the Act.

4.5 The NRC will determine the annual variable pay compensation in the form of annual incentive and annual increment for the executive director subject to the achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the Board, such as Company's and individual's performance against the pre-agreed objectives for the year.

4.6 A formal annual performance management process will be applicable to all employees, including senior executives. Performance linked bonus /incentive and annual increases in fixed and variable compensation of individual executives will be linked to the performance assessment of individual employee and the Company's performance.

4.7 Executive directors will not be paid sitting fees for any Board / committee meetings attended by them.

5. COMMITTEE MEMBERS INTEREST

5.1 A member of the NRC is not entitled to participate in the discussions when his/her own remuneration is discussed at a meeting or when his/her performance is being evaluated.

5.2 The NRC may invite such executives, as it considers appropriate, to be present at the meetings of the NRC.

6. ADOPTION, CHANGES AND DISCLOSURE OF INFORMATION

6.1 This Policy and any changes thereof will be approved by the Board based on the recommendation(s) of the NRC.

6.2 This Policy may be reviewed at such intervals as the Board or NRC may deem necessary.

6.3 Such disclosures of this Policy as may be required under the Act and SEBI Listing Regulations may be made.

7. 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 Annual Report of the Company.