

**MPIL CORPORATION LIMITED**  
**NOMINATION AND REMUNERATION POLICY**  
**&**  
**BOARD PERFORMANCE EVALUATION POLICY**

**Preamble**

The Company has a Remuneration Committee comprised of 3 Directors. The broad terms of reference of the Committee are:

- a) To approve the remuneration and incentive payable to the Whole-Time Director for each financial year; and
- b) To approve any change in Directors' Sitting Fees for attending the Board/ Committee Meetings and such other matters as the Board may request the Remuneration Committee to examine and recommend/ approve.

The Companies Act, 2013 has made far reaching changes and new provisions relating to appointment, removal, performance, remuneration, etc. of Directors and Key Management Personnel have been introduced in the Act. The Listing Agreement with Stock Exchanges has also been modified in this respect.

In keeping with the changes in the Act and the Listing Agreement with Stock Exchanges, the Company has converted the existing Remuneration Committee into a Nomination and Remuneration Committee. The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirement.

In addition, a Nomination and Remuneration Policy and a Board Performance Evaluation Policy as per the attached document have been formulated which sets out the broad guidelines for the functioning of the Committee. These Policies have been approved by the Board of Directors at its meeting held on 5<sup>th</sup> August, 2014 and come into effect from that date.

## **NOMINATION AND REMUNERATION POLICY**

This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated in terms of the provisions of the Companies Act, 2013 and the listing agreement as amended from time to time and includes the general guidelines on the appointment and remuneration including criteria for determining qualifications, positive attributes and independence of the Directors, Key Managerial Personnel and other employees of the company and other matters provided under sub-section (3) of section 178 of the Companies Act, 2013.

The objective and purpose of this policy are:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies and in the industry.
- The 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.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

The Company has formed a Nomination and Remuneration Committee in compliance with section 178 of the Companies Act, 2013. The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirement.

This policy has been approved by the Board of Directors at its meeting held on 5<sup>th</sup> August, 2014 and comes into effect from that date.

### **Definitions**

**"Board"** means Board of Directors of the Company.

**"Directors"** means Directors of the Company.

**"Committee"** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.

**"Company"** means MPIL Corporation Limited.

**"Independent Director"** means a director referred to in Section 149 (6) of the Companies Act, 2013.

**"Key Managerial Personnel" or "KMP"** means-

- (i) Executive Chairman and / or Managing Director;
- (ii) Whole-time Director;
- (iii) Chief Financial Officer;
- (iv) Company Secretary;

- (v) Such other officer as may be prescribed under the applicable statutory provisions/ regulations.

**“Senior Management”** means personnel of the Company occupying the position of Head of the respective Departments of the Company. Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

### **Applicability**

The Policy is applicable to

- Directors (Executive and Non-Executive)
- Key Managerial Personnel
- Senior Management Personnel

### **General**

This Policy is divided in three parts:

Part A covers the matters to be dealt with and recommended by the Committee to the Board; Part B covers the appointment and nomination; and Part C covers remuneration and perquisites, etc.

The key features of this Company’s policy shall be included in the Board’s Report.

### **Part A**

#### **Matters to be dealt with, perused and recommended to the Board**

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

### **Part B**

#### **Appointment and removal of Directors, Key Management Personnel and Senior Management**

Appointment criteria and qualifications:

- 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 his / her appointment.
- 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 is sufficient / satisfactory for the concerned position.

- 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.

#### Term / Tenure:

##### Managing Director/Whole-time Director:

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

##### 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. However, such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director, subject to the Independent Director, during the said period of three years, not being associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1st April, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall only be eligible for appointment for one more term not exceeding 5 years.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director, and to three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

#### Evaluation:

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

#### Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, and Rules made thereunder or under any other applicable act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director and KMP subject to the provisions and compliance of the said Act, rules and regulations.

#### Retirement:

The Directors and KMP shall retire as per the applicable provisions of the Companies Act, 2013 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.

## Part C

### **Remuneration for Directors, Key Management Personnel and Senior Management personnel**

The remuneration/ compensation/ commission, etc. to the Directors, KMP and Senior Management Personnel 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 Central Government, wherever required.

#### Remuneration to Non-Executive/ Independent Directors:

**Sitting Fees:** The Non-Executive Directors shall be paid sitting fee for attending the Board and Committee meetings. The amount of such fees shall be as recommended by the Nomination and Remuneration Committee and approved by the Board subject to the limits specified under the Act or by the Central Government from time to time. In addition, the Directors shall be paid for travel and accommodation expenses in connection with Board/ Committee meetings of the Company.

**Commission:** No Commission shall be paid to Non-Executive/ Independent Directors.

**Stock Options:** Independent Directors shall not be entitled to any stock options of the Company.

#### Remuneration of Executive / Whole Time Director:

General principles for the remuneration of the Executive/ Whole-Time Director/ Key Management Personnel and Others:

- To compensate all executives adequately so as to attract, retain and motivate the best talents at all levels: In order to attract and retain managerial expertise, the elements of the remuneration of the members of the Executive Board/ Key Managerial Personnel and Senior Management personnel shall be determined on the basis of their performance, the functions they perform and the value they create as well as of the conditions in other companies. Care should be taken to ensure that there is minimum disparity between compensation levels of existing and new employees.
- To compensate the employees for updating themselves with the changing requirements of the business and laws and enhance their capabilities for the benefit of the organisation for attending skill development programmes and courses.

The Executive/ Whole-Time Directors shall be paid salary keeping in view the overall permissible managerial remuneration as per Section 197 of the Companies Act, 2013.

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 Whole-time Director. Increments will be effective from 1st April in respect of a Whole-time Director and other employees of the Company.

**Minimum Remuneration:** If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

Excess remuneration: If the Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/ she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration of Key Management Personnel and Senior Management personnel:

Each element of the remuneration should be weighted in order to ensure a continuous positive development of the company both in the short and long-term.

**(i) Fixed salary, allowances and perquisites**

**Basic Salary:** The basic salary for all new recruitments shall be decided based on negotiations. At the time of recruitment, HRD should ensure that the salary is within the salary range of that particular grade in which the executive is to be recruited. Subsequent changes in the basic salary will be effected only at the time of an annual increment based on performance/promotion.

**House Rent Allowance:** For all grades, HRA will be 60% of the basic in metros and 50% in non-metro (for existing executives in grade 5 and above whose HRA is 60% of basic in non-metro, the HRA will be brought down to 50% of basic and the differential amount will be added as Special Allowance).

**Conveyance Allowance:** This is a fixed amount as per grade. It is provided for travel to and from the place of residence to work.

**Special Allowance:** This is a variable component of the salary and is decided on case to case basis, depending upon the job profile /special circumstances of the employee.

**Leave Travel Assistance:** This is a fixed amount as per grade and applicable to all executives. It is provided as financial assistance for travel to any place in India for the executive and his/ her family while on leave.

**Medical Reimbursement Facility:** Medical reimbursement is paid to executives for medical treatment and health check-up for self and family.

**Retiral Funds:** This includes Provident Fund, Gratuity and Leave encashment payable to employees, and will be governed by the rules of the individual funds / company policy as appropriate.

**(ii) Annual Performance bonus**

Annual Performance Bonus is a variable incentive award in order to encourage the management team to meet the short-term as well as long-term goals of the Company. The Board considers it appropriate that incentive programmes exist for the Executive/Whole-time Directors and Senior Management personnel of the Company. Such incentive programmes may comprise any form of performance bonus, etc.

Annual bonus arrangements are one-year bonus schemes. The annual bonus payments are conditional upon compliance in full or in part with the terms and targets defined by the

company and payable to the employees who are in service / extension at the time of declaring the bonus.

### **(iii) Promotions/ Increments**

A promotion is a career opportunity for an employee that involves greater responsibilities, and may also involve an increase in salary, and a change in title. In the normal course, an employee should have completed at least a minimum of 1 year of service in the Company, prior to being eligible for any kind of Promotion.

The Company shall have a process of carrying out an annual appraisal of all its KMP and Senior Management personnel to assess their performance for the previous financial year. This appraisal shall form the basis for any increments that may be considered.

The criteria of evaluation for promotions/ increments would, inter alia, be as follows:

- Need of the Organisation
- On basis of performance appraisal scores
- Attendance (excluding Privilege Leave)
- Competencies Education
- Honesty and sincerity
- Due weightage to a good service record in terms of:
  - Multi-tasking- Ability to do more than one task
  - Behaviour with subordinates, colleagues, peers
  - Demonstrated ability to improve quality, productivity, safety, cost and efficiency
  - Consistency in the quality of work
  - Willingness to accept tasks
  - Ability to finish tasks on time and up to the desired level of efficiency

Points to be considered for promoting an employee:

- Actual achievements against Key Responsibilities, Objectives (Action Plans), and measurement of performance factors leading to the overall scores of the appraisal
- Competency at new level for the employee being considered for promotion
- Overall growth plan of the organization
- The promotion should lead to adding on more responsibilities
- Education shall be used as a one of the main criteria for promotion of any person to a senior Managerial cadre and above; he should possess at least a Masters level degree or PG Diploma from a recognized institute.

## **BOARD PERFORMANCE EVALUATION POLICY**

### **1. Board of Directors**

- 1.1. This policy is to ensure individual directors (“Directors”) and the Board of Directors of the Company (“Board”) as a whole work efficiently and effectively in achieving their functions.
- 1.2. Each year the Board will undertake the following activities:
  - (a) the Chairperson will meet with each non-executive director separately to discuss individual performance and ideas for improvement; and
  - (b) the Board as a whole will discuss and analyse its own performance during the year including suggestions for change or improvement.

### **2. Executive/ Whole-time Directors and Key Executives**

- 2.1. This policy is to ensure the Executive/ Whole-time Directors and key executives execute the Company’s strategy through the efficient and effective implementation of the business objectives. In order to accomplish this:
  - (a) the Board will review the Company’s strategy annually;
  - (b) following strategy review above the Board will set the organisation performance objectives based on qualitative and quantitative measures;
  - (c) the objectives above are reviewed periodically to ensure they remain consistent with the Company’s priorities and the changing nature of the Company’s business;
  - (d) the objectives form part of the performance targets for the Executive Director; and
  - (e) performance against these objectives is reviewed annually by the Board and is reflected in the Executive Directors remuneration review.

### **3. Board Committees**

- 3.1. This policy is to ensure committees to which the Board has delegated responsibilities are performing efficiently and effectively in accordance with the duties and responsibilities set out in the Board Charter.
- 3.2. Each year the Board will undertake the following activities:
  - (a) review the necessity of establishing any committees and delegating certain of its responsibilities to the relevant committee;
  - (b) review the committees’ achievements during the year based on their duties; and
  - (c) review the charters of the committees to ensure that they are up to date and remain consistent with the Company’s strategy.

### **4. Review of Board Performance Evaluation Policy**

This policy will be reviewed annually.