



MAGARPATTA TOWNSHIP DEVELOPMENT

AND

CONSTRUCTION COMPANY LIMITED

(NOMINATION & REMUNERATION POLICY OF THE COMPANY)

NOMINATION & REMUNERATION POLICY OF THE COMPANY

Pursuant to Section 178 of the Companies Act, 2013 and the rules there under, the Board of Directors of every public Company falling under the criteria as stated in the said act/ rules shall constitute the Nomination and Remuneration Committee, to guide the Board on various issues on appointment, evaluate performance, remuneration of Directors, Key Managerial Personnel and Senior Management.

Definitions:

- I. “Act” means the Companies Act, 2013 and rules framed there under as amended from time to time.
- II. “Board of Directors” or Board, in relation to the Company, means the collective body of the Directors of the Company.
- III. “Committee” means Nomination and Remuneration Committee of the Company as constituted or constituted by the Board from time to time as per the requirements of the act.
- IV. “Company” means Magarpatta Township Development & Construction Company Limited.
- V. “Managerial Personnel” means Managerial Personnel or Persons, applicable under section 196, 203 and other applicable provisions of the Companies Act, 2013.
- VI. “Policy” or “This policy” means Nomination and Remuneration Policy.
- VII. “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.
- VIII. “Independent Director” means a Director referred to in Section 149 (6) of the Companies Act, 2013.
- IX. “Key Managerial Personnel” (KMP) means a.)The Chief Executive Officer or the Managing Director or the Manager and in their absence the Whole-time Director; b)The Company Secretary and c) The Chief Financial Officer.
- X. “Senior Management” mean personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors including the functional heads.

Objectives:

This policy is framed with the following objectives:

1. To guide the Board in relation to the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
2. To determine the remuneration of Directors, Key Managerial Personnel and Senior Management based on the Company’s financial position and practice in the industry.
3. To evaluate the performance of members of the Board of directors/Board as a whole and its committees.

4. To provide necessary documents and report to the Board for further evaluation of the persons as specified in 3 above.
5. To attract, retain and motivate the Senior Management including its Key Managerial Personnel, evaluation of their performance and provide necessary report to the Board for further evaluation.
6. To set the relationship of remuneration with performance.
7. To set benchmarks for performance.
8. To recommend the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management and its yearly revisions to be made based on performance.
9. To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Director (Executive and Non- Executive/ Independent/Nominee) and persons who may be appointed in Senior Management, Key Managerial Personnel .
10. To ensure that while formulating the policy as required under Law that—
 - 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:

Applicability:

This policy is applicable to all Directors, Key Managerial Personnel (KMP), and Senior Management team and other employees of Magarpatta Township Development & Construction Company Limited (“Company”).

Constitution of Nomination and Remuneration Committee:

This Policy envisages the role and responsibility of the Independent Directors, Constitution of the Nomination and Remuneration Committee, term of appointment of Managerial Personnel, Directors, KMPs, Senior Management, remuneration of the Managerial Personnel, KMPs, Senior Management, Independent Directors, Stock Options to Managerial Personnel, KMPs, Senior Management, other employees, evaluation of Managerial Personnel, KMPs, Senior Management, Independent Directors, etc.

The Nomination and Remuneration Committee will consist of three or more non-executive directors, out of which at least one-half shall be independent director(s), provided that Chairperson of the Company may be appointed as a member of this Committee but shall not chair such Committee.

The Board shall constitute and reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirements.

The meeting of Committee shall be held at such regular intervals as may be required to carry out the objectives set out in the Policy. The quorum for which shall be one third of its total strength or two committee members, whichever is higher.

The Committee members may attend the meeting physically or through Video conference or through permitted audio –visual mode, subject to the provisions of the applicable laws.

The Committee shall have the authority to call such employee (s), senior official(s) and / or externals, as it deems fit to attend the meeting and for the purpose of guiding the committee or members. The Company Secretary shall act as Secretary to the Committee.

Power and Role of Committee:

The Powers and Role of the Committee shall be as under:

- a. To formulate the Nomination and Remuneration policy of the Company and propose any amendments as required under the Law.
- b. To assist the Board in ensuring that plans are in place for orderly succession for appointments to the Board, Key Managerial Personnel and to senior management are in place and are implemented by the Board as per its policy.
- c. To formulate a criteria for determining qualifications, positive attributes and independence and appointment of a Director.
- d. To specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out by the Board and review its implementation and compliance.
- e. To identify persons who qualify to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this Policy.
- f. To carry out evaluation of every Director's performance, Nomination and Remuneration for executive directors and compensation for non-executive directors.
- g. To recommend to the Board the appointment and removal of Directors, Key Managerial Personnel and Senior Management, whole time directors etc.
- h. To ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks as per the financial position of the Company and the industry practices.
- i. To carry out any other function as is mandated by the Board from time to time and /or enforced by the statutory notification, amendment or modification, as may be applicable.
- j. To devise a policy on Board Diversity.

Chairperson:

The Chairperson of the Nomination and Remuneration Committee or, in his absence, any other member of the Committee authorised by him, shall be present at the Annual General Meetings of the Company, to answer the shareholders queries, if any.

The Nomination and Remuneration Committee shall set up a mechanism to carry out its functions and is further authorized to delegate any / all of its powers to any of the Directors and /or Officers of the Company, as deemed necessary for proper and expeditious execution.

Appointment of Managerial Personnel KMP, Director and Senior Management:

- a. The Committee shall design, identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Managerial Personnel, Director or KMP or Senior Management and recommend to the Board his /her appointment.
- b. 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.
- c. Appointment of Independent Directors is also subject to compliance of provisions of section 149 of the Companies Act, 2013, read with Schedule IV and rules there under as amended from time to time.

Term/ Tenure for appointment of various personnel:

a) Managerial Personnel:

The Company shall appoint or re-appoint any person as its Managerial Personnel for a term not exceeding five years at a time or such other period as stated in the law or the rules there under. No re-appointment shall be made earlier than one year before the expiry of term.

b) 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 reappointment 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, 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. At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director can serve 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. The maximum tenure of Independent Directors shall also be in accordance with the Companies Act, 2013 and clarifications/circulars/amendment as issued by the Ministry of Corporate Affairs, in this regard, from time to time.

Remuneration of KMP, WTD and Senior Management Personnel:

- a. The Remuneration / Compensation / Profit linked Incentive etc. to Managerial Personnel, KMP and Senior Management will be determined by the Committee and recommended to the Board for approval. The Remuneration / Compensation / Profit Linked Incentive etc. to be paid for Managerial Personnel shall be subject to the prior/post approval of the shareholders of the Company, wherever required.
- b. The remuneration and commission to be paid to Managerial Personnel shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

- c. Managerial Personnel, 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 Companies Act, 2013, and the rules made there under for the time being in force. 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 and approved by the shareholders, wherever required.
- d. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Companies Act, 2013.
- e. If any Managerial Personnel draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 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 the recovery of such sum refundable to it unless approved by the company by special resolution within two years from the date the sum becomes refundable.
- f. Increments if declared to the existing remuneration / compensation structure shall be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managerial Personnel.
- g. Increments if declared will be effective from 1st April of each financial year in respect of Managerial Personnel, KMP, Senior Management subject to other necessary approvals from statutory authorities as may be required.
- h. Where any insurance is taken by the Company on behalf of its Managerial Personnel, KMP and 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 Non-Executive / Independent Directors:

The remuneration to Non-executive Directors / Independent Director may receive remuneration if authorized by law. The said Directors will be entitled to sitting fees.

Retirement:

Any Director other than the Independent Director, KMP and Senior Management 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 in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

Acquaintance for Independent Directors with the Company

- a. The Company shall familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programs.

Evaluation, Monitoring and removal:

Evaluation:

The Board shall carry out evaluation of performance of every Managerial Personnel, Director, Board, Committees of the Board, KMP and Senior Management on yearly basis.

Removal:

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Managerial Personnel, Director, KMP or Senior Management subject to the provisions of Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.

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 circulated at the subsequent Board meeting for noting.

Amendment to the Policy:

The Board of Directors any at any time on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit or if required by law. 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, circular(s) etc.

Disclosure:

The details of this Policy and the evaluation criteria as applicable shall be disclosed in the Annual Report as part of Board's Report therein, if required by law or alternatively the same may be put up on the Company's website and reference drawn thereto in the Annual Report.
