

MIRC ELECTRONICS LIMITED

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POLICY ON REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER SENIOR MANAGEMENT EMPLOYEES

1. OBJECTIVES :

- (i) The terms of appointment and remuneration of Managing Director (“MD”), Whole Time Director (“WTD”), Key Managerial Personnel (“KMPs”) and Senior Management (“SMPs”) shall be competitive in order to ensure that the Company can attract and retain competent talent.
- (ii) The remuneration Policy shall ensure that :
 - (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors / KMPs and SMPs to run the Company successfully.
 - (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
 - (c) Remuneration to Directors, KMP and SMP involves a balance between fixed and variable pay reflecting short and long term performance objectives and goals set by the Company.
 - (d) Remuneration package is linked to the achievement of corporate performance targets and a strong alignment of interest with stakeholders.
 - (e) The pay structures are appropriately aligned across levels in the Company.

2. APPLICABILITY:

- (i) This Remuneration Policy shall apply to all existing and future appointment agreements with Managing and Whole Time Director, KMPs and SMPs and also with the Non-Executive Directors.
- (ii) The Remuneration Policy shall be subject to overall guidance of the Board of Directors.
- (iii) Any change or amendment in the Act or the Listing Agreement will prevail over this policy and will be applicable in so far from the date of its notification or date specified therein.

3. DEFINITIONS:

- i) **Employees Stock Option** mean as defined in section 2 (37) of Companies Act, 2013 as ‘the option given to the Directors, officers or employees of a Company or of its holding Company or subsidiary Company or companies, if any, which gives such Directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the Company at a future date at a pre-determined price’
- ii) **Independent Director**

Means a Director other than a Managing Director or a Whole-time Director or a Nominee Director, –

- (a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- (b)
 - (i) who is or was not a promoter of the Company or its holding, subsidiary or associate Company;
 - (ii) who is not related to promoters or Directors in the Company, its holding, subsidiary or associate Company;
- (c) who has or had no pecuniary relationship with the Company, its holding, subsidiary or associate Company, or their promoters, or Directors, during the two immediately preceding financial years or during the current financial year;
- (d) none of whose relatives has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate Company, or their promoters, or Directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- (e) who, neither himself nor any of his relatives –
 - (i) holds or has held the position of a key managerial personnel or is or has been employee of the Company or its holding, subsidiary or associate Company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of –
 - (A) a firm of auditors or Company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate Company; or
 - (B) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate Company amounting to ten per cent. or more of the gross turnover of such firm;
 - (iii) holds together with his relatives two per cent. or more of the total voting power of the Company; or
 - (iv) is a Chief Executive or Director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent. or more of its receipts from the Company, any of its promoters, Directors or its holding, subsidiary or associate Company or that holds two per cent. or more of the total voting power of the Company; or
 - (v) is a material supplier, service provider or customer or a lessor or lessee of the company;
 - (vi) who is less than 21 years of age.
- (f) who possesses such other qualifications as may be prescribed.

iii) Key Managerial Personnel” , means;

- (i) The Chief Executive Officer or the Managing Director or the Manager;
- (ii) The Company secretary;
- (iii) The Whole-time Director; and
- (iv) The Chief Financial Officer

iv) Non-Executive Director shall mean

Director not in full time employment of the Company.

v) Nomination and Remuneration Committee

Nomination and Remuneration Committee means as defined in Section 178 of the Act consisting of three or more non Executive Directors out of which not less than an half shall be independent Director.

vi) Remuneration means as defined in section 2 (78) of Companies Act, 2013 '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'

vii) Senior Management

Senior Management shall mean personnel of the Company who are members of its core Management Team excluding the Board of Directors. This would also include all members of the management one level below the Executive Directors including all functional heads.

viii) Whole-Time Director

Includes a Director in the whole-time employment of the Company.

2.0 REMUNERATION POLICY:

Criteria for fixing the remuneration to MD / WTD, NON EXECUTIVE DIRECTOR AND INDEPENDENT DIRECTORS, KMPs & SMPs.

1. Financial position of the Company
2. Remuneration or commission drawn by him from any other Company.
3. Professional qualifications and experience of the individual concerned.
4. Industry's pay standards and pay structure data studies undertaken by consultancies.
5. Attract and retaining talent and motivation for KMP/SMP.
6. Special consideration for attracting top notch hi flier in case of KMP/SMP.
7. Past performance, past remuneration and special accreditation or meritorious performance.
8. Bring a balance between the interest of the Company and the shareholder.

3.0 REMUNERATION TO MANAGING DIRECTOR /WHOLE TIME DIRECTOR:

- (i) Remuneration to the MD and WTD shall be proposed by the Nomination and Remuneration Committee ("NRC") and subsequently approved by the Board of Directors and the Shareholders of the Company/Central Government, whenever required.
- (ii) Total remuneration for the MD and WTD shall comprise of the following :
 - (a) Salary (both fixed and variable salary based on Performance hiked incentive).
 - (b) Perquisites like House Rent Allowance, Leave Travel Allowance, Medical Expenses and Soft Furnishing Allowance, etc.
 - (c) (i) Retirals, contribution to Provident Fund, Superannuation Fund, and Gratuity and other funds
 - ii) Encashment of Leave at end of the tenure.

- (d) Reimbursement or payment of all expenses incurred in connection and business of the Company.
- (e) Other perquisites (as may be recommended by the NRC and approved by the Board).
- (f) The variable salary shall be in form of a Performance Bonus linked to their individual performance and also the performance of the Company and the individual, as per criteria set by the NRC or the Company.
- (g) The total remuneration to MD and WTD shall be in accordance with the provisions of the Companies Act 2013, and rules as amended from time to time.
- (h) The Company shall enter into contract of service and for remuneration.
- (i) If any Directors draws or receives directly or indirectly by way of remuneration any sums in excess of the limits prescribed by the Act or without prior sanction of the Central Government where it is required he/she shall refund such sums to the Company and until such sums are refunded held in trust for the Company.

3.1 REMUNERATION TO NON EXECUTIVE DIRECTORS (NED)

a) Non Independent

- i) NEDs shall be entitled to such sitting fees as may be decided by the Board of Directors from time to time for attending the meeting of the Board and of the Committee thereof.
- ii) NEDs shall also be entitled for payment of profit related or commission, as up to the limits prescribed in Section 197 of the Companies Act, 2013 and approved by the Shareholders from time to time.

b) Independent Directors (ID)

- i) an IDs shall not be eligible for any Stock Options, and may receive remuneration by way fee provided under Section 197, reimbursement of expenses for participation in the Board and other meetings and profit related commission as approved by the members.
- ii) The NED and ID shall be paid all traveling, total and other expenses properly incurred by them on attending and returning from meetings of the Board or any Committee thereof or General Meeting or other connection with business of the Company.

3.2 REMUNERATION TO KEY MANAGERIAL PERSONNEL (KMP) & SENIOR MANAGERIAL PERSONNEL (SMP)

- (i) Remuneration packages shall be designed in such manner that :
 - (a) motivates delivery of key business strategies, creates a strong performance – oriented environment and rewards achievement of the Company's objectives and goals over the short and long term.
 - (b) attracts talent and high achievers in a competitive global market and remunerate executives fairly and responsibly.
- (ii) Remuneration shall be competitive and shall include salary comprising of both fixed and variable components, performance incentives and other benefits such as retiral benefits, health care, insurance and hospitalization benefits, telephone reimbursement, etc.

- (iii) Remuneration shall be evaluated annually and annual increase shall be decided considering the performance of the individual / and also of the Company. Industry practices / trends Companies, which are similar in size and complexity to the Company. Benchmark information shall be obtained from recognized compensation service consultancies shall also be given due consideration.
- (iv) Remuneration can be reset at any time keeping with the meritorious performance or for special work assignment or recognition. Benchmark information shall be obtained from recognized compensation service consultancies shall also be given due consideration
- (v) The remuneration to be paid to KMP/SMP shall be recommended by the NRC considering relevant qualification and experience of the individual as well as the prevailing market condition.
- (vi) The NRC may consider to grant Stock Options to KMP and SMPs pursuant to a Stock Option Plan adopted by the Company, if any.

4.0 DIRECTOR AND OFFICERS LIABILITY INSURANCE:

- (i) The Company may introduce and provide an insurance cover to Directors, KMPs and SMPs for indemnifying them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust shall not be treated as a part of remuneration paid to them. Provided that if such person is proved to be guilty the premium paid on such insurance shall be treated as part of remuneration.
- (ii) The premium paid by the Company for such insurance cover, called for Directors and Officers Liability Insurance Policy, taken for the above purpose shall be paid by the Company without any charge to the Directors, KMPs and SMPs.

5.0. DISCLOSURES:

The Company shall disclose the following in the Board's report and the Financial Statements.

- (a) In the Board's Report, such particulars as are prescribed under the Companies Act, 2013 and Rules made there under ; and
- (b) In the Corporate Governance Report, the particulars as prescribed in Clause 49 of the Listing Agreement

6.0. DISSEMINATION:

The Company's Remuneration Policy shall be uploaded on its website.