

**NOMINATION**  
**& REMUNERATION**  
*And*  
**BOARD DIVERSITY**  
**POLICY**

*Version 2 (effective from April 1, 2019)*

# MONNET PROJECT DEVELOPERS LIMITED.

## *Nomination, Remuneration & Board Diversity Policy*

### **NOMINATION, REMUNERATION & BOARD DIVERSITY POLICY**

#### **INTRODUCTION**

The Companies Act, 2013 ('Act') requires the Company to formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

The Nomination & Remuneration Policy, as mentioned in Part-A hereunder, is in compliance with Section 178 of the Companies Act, 2013 read with Regulation 19 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015('Listing Regulations').

As per Regulation 19(4) read with Part D of the Schedule II of the Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015 ("LODR Regulations"), the Nomination and Remuneration Committee (the Committee) has to devise a Policy on Board Diversity. The said policy of the Company is mentioned in Part- B.

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

#### **PART – A - NOMINATION AND REMUNERATION POLICY**

**I.**

##### **I .APPLICABILITY**

The Policy is applicable to:

- Directors (Executive and Non-Executive)
- Key Managerial Personnel
- Other Employees

##### **II. DEFINITIONS**

For the purpose of this Policy:

- i. 'Act' shall mean the Companies Act, 2013;
- ii. 'Board' shall mean the Board of Directors of Monnet Ispat & Energy Limited;
- iii. 'Committee' shall mean the Nomination and Remuneration Committee of the Company, constituted and re-constituted by the Board from time to time;
- iv. 'Company' shall mean Monnet Ispat & Energy Limited;
- v. 'Directors' shall mean the directors of the Company;
- vi. 'Independent Director' shall mean a director referred to in Section 149 (6) of the Companies Act, 2013 and Regulation 16(1)(b) of the LODR Regulation, 2015;
- vii. 'Key Managerial Personnel (KMP)' shall mean the following:
  - i. Chief Executive Officer or the Managing Director or Manager
  - ii. Whole-time Director
  - iii. Chief Financial Officer (CFO);
  - iv. Company Secretary (CS);
  - v. Such other officer, not more than one level below the directors who is in whole time employment, designated as the Key managerial personnel by the Board; and
  - vi. Such other officer as may be prescribed.
- viii. 'Senior Management' shall mean personnel of the company who are members of its core management team excluding the Board of Directors. This would also

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include all members of management one level below the chief executive officer/ managing director/ whole-time director/ manager (including chief executive officer/ manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.

- ix. 'Remuneration' means remuneration as defined under section 2(78) of the Companies Act, 2013 including any amendment thereof.

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.

### **III. APPOINTMENT CRITERIA AND QUALIFICATIONS;**

- a) The Committee shall identify and ascertain the integrity, qualification, skills, expertise and experience for appointment to the position of Director and senior management as per the criteria laid down and recommend to the Board of Directors their appointment.-
- b) The Committee shall also review the ethical and moral qualities possessed by such person, commensurate to the requirement for the position of Director or senior management. The Committee shall also ensure that the proposed candidate, satisfies the necessary criteria required to be complied for such appointment as per provisions of Companies Act 2013 and/or other applicable laws.
- c) Appropriate induction & training programme be imparted to new directors, members of senior management, and KMP, as may be required;
- d) The Committee shall be making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an executive director as an employee of the Company subject to the provision of the law and their service contract

### **TERM / TENURE:**

#### **a) Managing Director/Whole-time Director/Executive Director:**

The Company shall appoint or re-appoint any person as its Non-Executive or Executive Chairman, Managing Director, Whole-time Director or Executive Director, by what any designation, for a term not exceeding five years at a time or as per provisions applicable laws.

No re-appointment shall be made earlier than one year before the expiry of term of the Director appointed.

#### **b) Independent Director**

An Independent Director shall hold office for a term up to five years (unless appointed for a shorter term) 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, as per provisions of applicable laws.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for re-appointment in the Company as Independent Director after the expiry of three years from the date of cessation as such in the Company.

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The Committee shall take into consideration all the applicable provisions of the Companies Act, 2013 and the relevant rules, as existing or as may be amended from time to time while appointing or re-appointing an Independent Director.

### **c) Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013 and rules made there under 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 or KMP subject to the provisions and compliance of the Act, rules and regulations.

### **d) Retirement**

The director shall retire as per the applicable provisions of the Companies Act, 2013 along with the rules made there under and as per terms of the prevailing policy of the Company, as may be applicable. The Board will have the discretion to retain the Directors, KMPs and Senior Management personnel even after attaining the retirement age, for the benefit of the Company.

## **IV. REMUNERATION**

a) In discharging its responsibilities, the Committee shall have regard to the following Policy objectives:

- To ensure the Company's remuneration structures are equitable and aligned with the long-term interests of the Company and its shareholders;
- Formulate the framework for evaluation of performance of the Board, its committees and individual directors to be carried out either by the Board, by Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
- The compensation level is linked to factors such as Company's performance, individual performance and such other factors considered relevant from time to time to attract, retain and motivate directors and employees.
- To plan short and long-term incentives to retain talent including grant of stock options, if any, to eligible employees of the Company as permitted by applicable laws as per the stock option scheme of the Company, if any.
- The remuneration/ compensation/ commission etc. to the Managing Director, Whole-time Director/Executive Director will be determined by the Committee and recommended to the Board for its approval, subject to such other statutory approvals, if any, as may be required.
- The remuneration to be paid to the Managing Director or Whole-time Director/Executive Director shall be in accordance with the percentage/ slabs/ conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013 and the rules made there under.

**b) Remuneration Components to Managing Director/ Whole-Time/Executive Director;**

**Fixed pay:**

The Managing Director/Whole-time Director/Executive Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee and the shareholders wherever applicable.

The breakup of the pay scale and quantum of perquisites including, employer's contribution towards provident fund, pension scheme, medical expenses, club fees and other perquisites shall be decided and approved by the Board on the recommendation of the Committee. The remuneration paid shall be approved by the shareholders and Central Government, wherever required.

**Performance Based Remuneration:**

In addition to fixed remuneration, the Company may implement a system of performance linked incentives designed to create a strong relationship between performance and remuneration.

The Company may conduct annual performance appraisals for Managing/Whole Time Director/Executive Director and the Nomination and Remuneration Committee shall recommend to the Board for any variation in the salary within the limits approved/may be approved by the shareholders.

**Minimum Remuneration:**

If in any financial year, the Company has no profits or its profits are inadequate, it shall pay remuneration to its Managing Director/Whole-time Director/Executive Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and with approval of shareholders by special resolution and if the Company is not able to comply with such provisions Schedule V, approval of the Shareholders by way of special resolution and the Central Government shall be obtained.

**Provisions for excess remuneration:**

If any Managing Director/Whole-time Director/Executive 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.

**c) Remuneration to Non- Executive / Independent Director:**

**Remuneration :** The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and with the provisions of Companies Act, 2013 along with the rules made there under.

**Sitting Fees:** The Non-Executive/ Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the limits prescribed under Companies Act 2013.

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**Commission:** Commission may be paid within the monetary limit approved by shareholders, subject to the limits computed as per the applicable provisions of the Companies Act, 2013.

Promoter Directors, if any, Nominee Directors and Independent Directors shall not be entitled to any stock options, if any, of the Company.

#### **d) Remuneration to KMP, Senior Management and other employees:**

The KMP and Senior Management Personnel of the Company shall be paid remuneration as per the Company's policies on the recommendation of the Committee and subject to the approval of Board of Directors, as may be required. Other employees shall be paid remuneration as per the Company's policy applicable to employees.

### **PART – B – BOARD DIVERSITY POLICY**

**Objective:** The Company always endeavours to enhance the effectiveness of the Board by diversifying its composition in order to derive benefits of diversity for improving effectiveness and efficiency of Board affairs. For the the purpose of Board diversity the key elements adopted by the Company through this policy is that of having composition of Board with its members having appropriate and balance and diverse skills, experience, knowledge that are required for the adopting and implementing Board decisions, business strategy and managing its affairs.

The objectives Policy is to ensure a balanced composition of executive, non-executive and independent directors on the Board, the Company shall consider candidates from a wide variety of backgrounds, without discrimination based on the following factors:

- Gender - The Company shall not discriminate on the basis of gender, nationality or ethnicity, in the matter of appointment of director on the Board.
- Age - Subject to the applicable provisions of Companies Act, 2013, age shall be no bar for appointment of an individual as director on the Board of the Company
- Physical disability - The Company shall not discriminate on the basis of any immaterial physical disability of a candidate for appointment on Company's Board, if he/she is able to efficiently discharge the assigned duties.
- Educational qualification- The proposed candidate shall possess desired team building traits that effectively contribute to his/ her position in the Company and shall have background from field of finance/tax/legal/marketing etc., that will provide the Board with considerable experience to managing its affairs effectively and efficiently.

### **PART – C – MONITORING AND REPORTING**

The Nomination and Remuneration Committee is responsible for:

- a. to ensure that while identifying suitably qualified candidates to become members of the Board, its shall give adequate consideration to this Policy;
- b. formally assessing the appropriate mix of Diversity, skills, experience and expertise required on the Board and assessing the extent to which the required skills are represented on the Board;
- c. making recommendations to the Board in relation to Board succession, to maintain an appropriate mix of Diversity, skills, experience and expertise on the Board and

d. reviewing and reporting to the Board in relation to Board Diversity.

The Nomination and Remuneration Committee will report to the Board on:

- initiatives undertaken by the Committee in relation to Board Diversity and to achieve the Objectives of the policy
- progress in achieving the Objectives of the policy and
- make recommendations to the Board regarding the objectives of the policy.

**Review of the Policy**

The Nomination and Remuneration Committee shall review the Nomination, Remuneration and Board Diversity Policy from time to time (which will include a review of the effectiveness of the policy) and recommend any revisions to the Board for approval.