



THE MODERN INDIA LIMITED

Remuneration Policy

This policy (“Policy”) of Modern India Limited (“Company”) has been prepared and adopted in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”) read with SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and Companies Act, 2013 (“Act”) read with the Companies (Amendment) Act, 2017 along with circulars issued thereunder, including any statutory modifications or re-enactments thereof for the time being in force.

Section 178 (3) of the Act and Part D of Schedule II of SEBI LODR requires the Nomination and Remuneration Committee to formulate the criteria for determining qualifications, positive attributes and independence of a director, recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees, criteria for evaluation of performance, board diversity etc.

The Nomination and remuneration Committee (“Committee”) shall meet atleast once in a year and among other functions, shall also review the Policy periodically and may amend the same from time to time, as deemed necessary.

The present composition of the “Nomination and Remuneration Committee” of the Company is as below:-

Mr .S.D.Israni	Chairman	Independent Director
Mr.Anand Didwania	Member	Independent Director
Mr.Vijaykumar Jatia	Member	Chairman & Managing Director
Kaiwan Kalyaniwalla	Member	Independent Director



1. OBJECTIVE :

This policy aims to formulate certain criteria for the following activities with regards to its directors, key managerial personnel and senior management:

- 1.1.** To guide the Board in relation to selection, appointment and removal of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel one level below the Board and other employees.
- 1.2.** To formulate criteria for evaluation of the Independent Directors and the Board of Directors.
- 1.3.** To recommend to the Board all remuneration, in whatever form payable to the Directors, KMP and Senior Management Personnel one step below the Board and other employees.
- 1.4.** To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.
- 1.5.** To ascertain 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
- 1.6.** To provide to KMP and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 1.7.** To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- 1.8.** To devise a policy on Board diversity



2. DEFINITIONS

2.1. **Key Managerial Personnel** means

- 2.1.1. Chief Executive Officer or the Managing Director or the Manager;
- 2.1.2. Whole-time director;
- 2.1.3. Chief Financial Officer;
- 2.1.4. Company Secretary;
- 2.1.5. such other officer, not more than one level below the directors who is in Whole -time employment, designated as Key Managerial Personnel by the Board of Directors and
- 2.1.6. such other officer as may be prescribed.

2.2. “Net Profit” shall be calculated as per section 198 of the Companies Act, 2013.

2.3. “Senior Management” shall mean officers/personnel of the Company who are members of its core management team excluding board of directors and normally this shall comprise 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.

3. ROLE OF COMMITTEE

3.1. **Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee**

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;



- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.
- To recommend to the Board of Directors, all remuneration, in whatever form, payable to senior management

3.2. Policy for appointment and removal of Director, KMP, and Senior Management Personnel one level below the Board

3.2.1. Appointment criteria and qualifications

- a) The Nomination and Remuneration Committee shall ensure that the size and composition of the Board, KMP and the senior management satisfies the provisions of the Act and SEBI LODR regulations.
- b) The Committee shall formulate criteria to determine the integrity, qualification, expertise, positive attributes and experience of the person for appointment as Director, KMP and Senior Management Personnel
- c) 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.



- d) The person must also fulfill the minimum and/or maximum age criteria as applicable under the provisions of the Act and SEBI LODR regulations and take necessary approvals from the shareholders in this regard incase of directors above the maximum age criteria.
- e) The Committee while considering a person for appointment as director, shall verify that the said person is not debarred from holding the office of director pursuant to any SEBI order and in case of directors, the Committee shall ensure that the number of directorship held by each director in other companies is below the specified limit under the Act and SEBI LODR regulations and amendments made from time to time.
- f) A Whole-time KMP of the Company shall not hold office at the same time in more than one Company except in its subsidiary company. However, a whole-time KMP can be appointed as a director in any Company subject to the same being intimated to the Board or being in accordance with the policy of the Company.
- h) The Board will have the discretion to retain the whole-time directors, KMP and senior management personnel in the same position/remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

3.2.2. **Term / Tenure**

a) Managing Director/Whole-time Director/Executive Director/ Non-Executive Director:

- The Board shall appoint or re-appoint any person as a managing director, whole-time director or manager for a term not exceeding five years (5 years) at a time subject to approval by the members at the next annual general meeting.



- Not less than two-thirds of the total number of directors (excluding independent directors) shall be liable to retirement by rotation at every annual general meeting as per the provisions of the Act and SEBI LODR as applicable.
- The directors retiring by rotation at every annual general meeting shall be those who have been longest in the office since last appointment; the retiring director amongst directors appointed on the same day shall be determined by a lot.
- At the annual general meeting at which a director retires by rotation, the Company may fill up the vacancy either by appointing the retiring director or some other person as may be deemed fit.

b) Independent Director:

- An Independent Director shall hold office for a term up to five 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, 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 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.

c) KMP and senior management

The term of appointment and subsequent retirement of KMP's and senior management shall be as per the provisions of the Act, SEBI LODR, other rules or regulations including any amendments made from time to time and prevailing policy of the Company.



3.2.3. Evaluation

- a) The evaluation process for performance of the Board, its Committees and directors shall be carried out as per the provisions of the Act and the SEBI LODR regulations.
- b) The Independent Directors shall have a meeting atleast once in a year to review the performance and evaluation of the non-independent/non-promoter directors and the entire Board as a whole, including the Chairman.
- c) The evaluation of independent directors shall be done by the entire board of directors (excluding the directors being evaluated) with respect to –
 - Performance of the directors; and
 - Fulfillment of the independence criteria as per the provisions of the Act and SEBI LODR regulations and their independence from the management.

3.2.4. Removal

The Committee may recommend removal of any director or KMP to the Board with reasons in writing explaining the breach of company policy or any disqualifications or other such criteria for removal in line with the provisions of the Act, SEBI LODR, rules and regulations made thereunder including any amendments made from time to time.

3.2.5. Retirement

The Director, KMP, Senior Management Personnel one level below the Board shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel one level below the Board in the same position/



remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

3.3. Policy relating to the Remuneration for the Whole-time Director, KMP, Senior Management Personnel.

3.3.1. General:

- a) The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel one level below the Board 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.
- b) The remuneration and commission to be paid to the Whole-time 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 Act.
- c) 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 and Senior Management Personnel one level below the Board.
- d) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees 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 provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.



3.3.2. Remuneration to Managing Director / Whole-time Director / Executive Director, KMP/ Senior Management Personnel one level below the Board

A. Executive Directors / Whole time directors / Managing Directors

- Subject to provisions of the Act and SEBI LODR, the remuneration payable shall be approved by the Board of Directors at the time of appointment subject to approval by shareholders by passing an ordinary resolution at the next general meeting of the Company.
- The overall remuneration payable to all the directors of the Company including managing director and whole-time directors in respect of any financial year shall not exceed 11% of the net profits of the Company.
- Remuneration payable to any one managing director; or whole-time director or manager shall not exceed 5% of the net profits of the Company and if there is more than one such director, the remuneration shall not exceed 10% of the net profits of all such directors and manager taken together.
- Payment of remuneration in excess of the above statutory limits shall be done by recording of clear reason and justification and obtaining approval of shareholders through special resolution as per the provisions of the Act, SEBI LODR and amendments made thereto from time to time.
- The fees and compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting if –
- The annual remuneration payable to such executive director exceeds rupees five crore (5 crore) or 2.5 percent (2.5%) of the net profits of the Company, whichever is higher; or
- Where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 percent (5%) of the net profits of the Company
- Such approval shall be valid only till the expiry of the term of such director.



B. Independent Directors / Non-executive Directors

- The remuneration to Non-Executive Directors shall consist of sitting fees for attending Board/ Committee meetings, commission and other reimbursements.
- Such remuneration payable to non-executive directors if exceeds the limit of 1% of the net profit of the Company as specified under the Act, shall require approval of shareholders by passing a special resolution at the general meeting of the Company.
- All the Non-executive, Non-promoter Directors shall be paid commission on uniform basis.
- The Independent directors shall not be entitled to any stock options under the stock option scheme of the Company.

C. KMP, Senior Management and senior employees one or two level below the BOD

- In respect of KMPs, senior management and other employees the remuneration shall be payable based on the person's performance, Company's performance, targets achieved, industry benchmark and compensation trends in the industry.
- The remuneration shall consist of monthly salary, bonus, perquisites, KPI and other retirement benefits as per the prevailing policy of the Company.
- The Committee shall recommend and finalise the salary and other perks payable to the senior management.

Other common criteria

The Committee shall also consider the following criteria with regards to recommendation of remuneration:

- Minimum Remuneration:

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

- the level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate potential candidates of the quality required to run the Company successfully;



- relationship of remuneration to performance shall be clear and able to meet appropriate performance benchmarks;
- in line with best governance practices and legal requirements;

4. MEMBERSHIP

4.1 The Committee shall consist of

- (a) at least three directors ;
- (b) all directors of the committee shall be non-executive directors however the Chairman of the listed Company whether executive or non –executive can be a member of the Committee; and
- (c) at least fifty percent of the directors shall be independent directors.

4.2 The quorum for a meeting of the nomination and remuneration committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance

4.3 The Chairperson of the nomination and remuneration committee may be present at the annual general meeting, to answer the shareholders' queries; however, it shall be up to the chairperson to decide who shall answer the queries.

4.4 Membership of the Committee shall be disclosed in the Annual Report.

4.5 Term of the Committee shall be continued unless terminated by the Board of Directors.

5. CHAIRMAN

5.1 The Chairperson of the nomination and remuneration committee shall be an independent director however the chairperson of the listed entity, whether executive or non-executive, may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.



5.2 The Chairperson of the nomination and remuneration committee may be present at the annual general meeting, to answer the shareholders' queries; however, it shall be up to the chairperson to decide who shall answer the queries.

5.3 In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

6. FREQUENCY OF MEETINGS

The nomination and remuneration committee shall meet at least once in a year and at such regular intervals as may be required.

7. COMMITTEE MEMBERS' INTERESTS

7.1 A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

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

8. SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

9. VOTING

9.1 Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

9.2 In the case of equality of votes, the Chairman of the meeting will have a casting vote.



10. NOMINATION DUTIES

The duties of the Committee in relation to nomination matters include:

- 10.1** Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- 10.2** Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- 10.3** Identifying and recommending Directors who are to be put forward for retirement by rotation.
- 10.4** Determining the appropriate size, diversity and composition of the Board;
- 10.5** Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- 10.6** Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- 10.7** Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- 10.8** Recommend any necessary changes to the Board; and
- 10.9** Considering any other matters, as may be requested by the Board.



11. BOARD DIVERSITY

Board diversity is an important aspect that makes use of differences in the skills, regional and industrial experience, background, gender and other distinctions to gain competitive advantage in the market.

The Committee shall periodically review the size and composition of the Board to ensure its structure in terms of different perspectives, skills and expertise in the board room.

The Committee shall strive to maintain a proper balance in terms of diversity in gender, thought, experience, knowledge and perspective when recommending persons for appointment to the Board.

12. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

13. LIMITATION AND AMENDMENT

- In the event of any conflict between the provisions of this policy and the Act or SEBI LODR or any other statutory requirements, rules, regulations, enactments, the provisions of such Act or SEBI LODR or any other statutory requirements, rules, regulations, enactments, the provisions shall prevail over this policy.
- Any subsequent amendment/modification in SEBI LODR, Act and/ or applicable laws in this regard shall automatically apply to this policy.