

## **REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES**

### **INTRODUCTION**

Medico Electrodes International Limited (MEDICO) recognizes the importance of aligning the business objectives with specific and measureable individual objectives and targets. The Reward philosophy of the Company is to provide market competitive total reward opportunity that has a strong linkage to and reinforces the performance culture of the Company. The ultimate objective is to gain competitive advantage by creating a reward proposition that inspires employees to deliver company's promise to consumers and achieve superior operational results. The guiding principles for this policy are:-

- (i) Open, fair, consistent, simple and explainable;
- (ii) The level and composition of remuneration is competitive, reasonable and aligned to market practices and tends to attract, retain and motivate talent required to run the company successfully and ensure long term sustainability;
- (iii) The remuneration has fair balance between fixed and variable pay reflecting short and long term performance objective's appropriate to the working of the company and its goals;
- (iv) The remuneration is linked to key deliverables, appropriate performance benchmarks and metrics and varies with performance and achievement;
- (v) Alignment of performance metrics with business plans and strategy, corporate performance targets and interests with stakeholder;
- (vi) Quantitate and qualitative assessment of performance are used to making informed judgments to evaluate performance;
- (vii) Sufficiently, flexible to take into account future changes in industry and compensation practice; and
- (viii) The pay takes into account both external market and company conditions to a balanced fair outcome.

### **SCOPE AND EXCLUSION**

This Policy sets out the above guiding principles for the Nomination and Remuneration Committee for recommending to the Board the remuneration of the directors, key managerial personnel and other employees of the Company.

## DEFINITIONS

In this Policy, the definitions of the terms shall have the same meanings as defined in the Companies Act 2013 as under:-

Section 2 (34) - "Director" means a director appointed to the Board of the Company.

Section 2 (51) - "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;
- (iv) the Chief Financial Officer; and
- (v) such other officer as may be prescribed under the Companies Act, 2013.

Section 178 (1) - "Nomination and Remuneration Committee" means the committee constituted by Board of the Company in accordance with the provisions of the Act.

## POLICY

### REMUNERATION TO EXECUTIVE DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board, on the recommendation of the Nomination and Remuneration Committee, shall review and approve the remuneration payable to the Executive Directors and Key Managerial Personnel of the Company subject to the applicable limits set out in Schedule V of the Act.

The remuneration structure to the Executive Directors and Key Managerial Personnel shall include the following components:-

- (i) Basic Pay
- (ii) Perquisites and Allowances
- (iii) Stock Options
- (iv) Commission (Applicable in case of Executive Directors)
- (v) Retiral benefits
- (vi) Annual Performance Bonus

The Annual Plan and Objectives for Executive Directors and Senior Executives shall be reviewed by the Committee and Annual Performance Bonus will be approved by the Committee based on the achievements against the Annual Plan and Objectives.

### REMUNERATION TO NON-EXECUTIVE DIRECTORS

Non-Executive Directors may receive remuneration by way sitting fees for attending the meetings of the Board and the Committees thereof.

Under the Companies Act, 2013, Section 197 provides that a Director may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company.

## **REMUNERATION TO OTHER EMPLOYEES**

Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs. The annual performance shall be evaluated based on the actual performance vis-à-vis the annual goals set for them in the beginning of the year.

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