

**POLICY ON CRITERIA
FOR APPOINTMENT OF DIRECTORS, KMPs AND SENIOR MANAGEMENT
PERSONNEL
AND
EVALUATION OF THEIR PERFORMANCE & REMUNERATION
OF
MENON BEARINGS LIMITED**



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1. OBJECTIVE OF THE POLICY

- 1.1 The Policy on appointment of Directors and Evaluation of Performance is designed to attract, motivate and retain manpower in a competitive and international market. The policy reflects the Company's objectives for hiring and retaining best talent available for the business of the Company.
- 1.2 This Policy applies to the Company's Senior Management Personnel (SMP's), including its Key Managerial Personnel (KMPs) and Board of Directors of MENON BEARINGS LIMITED

2. CRITERIA FOR APPOINTMENT OF DIRECTORS, KMPs AND SENIOR MANAGEMENT PERSONNEL OF THE COMPANY

The criteria for appointment of a person as a Director, KMP and SMP of the Company are given below:

2.1 Appointment of Directors, KMP, SMP

The Company shall appoint only those persons who possess formal qualification, relevant experience, proven track record, integrity etc.

2.2 Qualifications

- 2.2.1 Any person to be appointed as a Director on the Board of Director of the Company or as KMP or Senior Management Personnel, including Independent Directors, shall possess appropriate skills, experience and knowledge in one or more fields of sciences, actuarial sciences, banking, finance, economics, law, management, sales, marketing, administration, research, corporate governance or technical operations.
- 2.2.2 Any person to be appointed as an Independent director shall also fulfill the criteria of Independence as laid down under Section 149(6) of Companies Act, 2013 and Regulation 16(1)(b) of Listing of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.
- 2.2.3 Further, any Director who is proposed to be appointed as a member of the Audit Committee, shall be financially literate, which means he/ she possess the ability to read and understand basic financial statements i.e. Balance Sheet, Statement of Profit and Loss and Cash Flow Statement.

2.3 Experience

- 2.3.1 Any person to be appointed as a Director on the Board of the Company shall possess the relevant experience and shall be able to provide policy directions to the Company, including directions on good corporate governance. Prior experience of being a Chief Executive Officer, Managing Director or a Whole-time director of any company shall be given utmost importance while considering appointment.
- 2.3.2 While appointing any person as Chief Executive Officer, Managing Director or a Whole-time director of the Company, his / her educational qualification, work experience, industry experience, etc. shall be considered.

24 Positive attributes

- 2.4.1 The person to be appointed as a Director of the Company shall not only possess the relevant formal qualifications and experience but shall also possess attributes like integrity and proven track record and shall demonstrate commitment to the organization.
- 2.4.2 For assessing the integrity and suitability features like past criminal records, financial position, refusal of admission to or expulsion from professional bodies and previous questionable business practices etc. shall be considered.
- 2.4.3 A person shall not be to appointed as Director if he/ she possesses the disqualifications as contained under Section 164(1) of the Companies Act, 2013.

3 REMUNERATION POLICY:

The Company follows a policy on remuneration relating to directors', KMPs' and SMPs' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 of the Companies Act, 2013.

3.1 Remuneration of Managing Director:

- At the time of appointment or re-appointment, the managing director shall be paid such remuneration as may be mutually agreed between the company (which includes the nomination & remuneration committee and the board of directors) and the managing director within the overall limits prescribed under the Companies Act, 2013.

- The remuneration shall be subject to the approval of the Members of the Company in General Meeting.
- The remuneration of the Managing Director is broadly divided into fixed and variable component.
- The fixed compensation shall comprise salary, allowances, perquisites, amenities and retrial benefits. The variable component shall comprise of performance bonus.
- In determining the remuneration (including the fixed increment and performance bonus the Nomination & Remuneration Committee shall consider the following:
 - A. The relationship of remuneration and performance benchmarks is clear;
 - B. Balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
 - C. Responsibility of the Managing Director's and the industry benchmarks and the current trends;
 - D. The Company's performance *vis-a-vis* the annual budget achievement and individual performance.

3.2 Remuneration of Non-Executive Directors:

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings. A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies Managerial Remuneration Rules, 2014.

The Independent Directors of the Company shall not be entitled to participate in Stock Option Scheme of the Company, if any, introduced by the Company.

3.3 Remuneration of Senior Management Employees:

In determining the remuneration of the Senior Management employees (i.e. KMPs and Executive Committee Members) the Nomination & Remuneration Committee shall consider the following:

- A. The relationship of remuneration and performance benchmark is clear;
- B. The fixed pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;

- C. The components of remuneration includes salaries, perquisites and retirement benefits;
- D. The remuneration including annual increment and performance incentive is decided based on the criticality of the roles and responsibilities, the Company's performance *vis-a-vis* the annual budget achievement, industry benchmark and current compensation trends in the market.

4 CRITERIA AND MANNER FOR EFFECTIVE PERFORMANCE APPRAISAL/ EVALUATION PROCESS OF INDEPENDENT DIRECTORS

4.1 Guiding principles:

4.1.1 The performance of the Independent Directors as well as the performance of the entire Board shall be evaluated annually.

4.1.2 Performance evaluation of Independent Directors shall be done by the entire Board of Directors (excluding the director being evaluated).

4.1.3 The Independent Directors shall at the separate meeting without the attendance of non-independent directors and members of management shall:

- (a) review the performance of non-independent directors and the Board as a whole;
- (b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- (c) assess the quality, quantity and timeliness of flow of information between the company management and the Board which is necessary for the Board to effectively and reasonably perform their duties.

4.1.4 An indicative list of factors that may be considered while evaluating the performance of directors are as follows:

- (a) How well prepared and well informed the directors are for the board meetings?
- (b) Whether the attendance of directors at meetings are satisfactory?
- (c) Do the directors show willingness to spend time and effort learning about the company and its business?
- (d) Are the directors willing to participate in events outside board meetings such as site visits etc.?
- (e) What has been the quality and value of director's contributions at board meetings?
- (f) What has been their contribution to the development of strategies and Risk Management?

- (g) How successfully the directors have brought their knowledge and experience to the benefit of the Company?
- (h) How good are their relationship with other board members, the company secretary and senior management?
- (i) How actively and successfully do they refresh their knowledge and skill?
- (j) Do they listen to the views of others?

5. EVALUATION PROCESS

5.1 The Nomination & Remuneration Committee of the Board shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board or by the Committee or by an independent external agency and review its implementation and compliance as the statutory requirements from time to time.

5.2 In the evaluation of Board Members, the Nominations Committee will have regard to normally accepted nomination criteria, including:

- (a) honesty and integrity;
- (b) the ability to exercise sound business judgment;
- (c) appropriate experience and professional qualifications;
- (d) absence of conflicts of interest or other legal impediments to serving on the Board;
- (e) willingness to devote the required time; and
- (f) availability to attend Board and Committee meetings

6. REVIEW OF POLICY

This Policy may be reviewed by the Nomination and Remuneration Committee from time to time.

7. PUBLICATION OF POLICY

The policy shall be published on the Company's website. Salient features of the Policy, any change therein and the web address, where the Policy is published shall be given in the Director's Report to be issued by the Board of Directors under Section 134 of Companies Act, 2013

8. AMENDMENT

Any change in the Policy shall be approved by the Board of Directors of the Company upon recommendation of Nomination and Remuneration Committee of the Board.

This amended policy is approved and adopted by the Board of Directors in its meeting held on 31st January, 2019 and will be effective from 1st April, 2019.