

POLICY ON REMUNERATION OF DIRECTORS, KEY
MANAGERIAL PERSONNEL & SENIOR EMPLOYEES
OF MURUDESHWAR CERAMICS LIMITED

BACKGROUND

Murudeshwar Ceramics Limited (hereinafter referred as the 'Company') practices a corporate culture that is based on accountability, control and ethical practices with transparency.

BRIEF OVERVIEW UNDER COMPANIES ACT 2013

{Section 178 & Companies [Meetings of Board and its Powers] Rules 2014}

Constitution of the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors

The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.

The Nomination and Remuneration Committee shall 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 senior management personnel i.e. employees at one level below the Board including functional heads.

The Nomination and Remuneration Committee shall, while formulating the policy ensure that:—

the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting

short and long-term performance objectives appropriate to the working of the company and its goals.

Such policy shall be disclosed in the Board's report.

BRIEF OVERVIEW OF THE REVISED CLAUSE 49 OF LISTING AGREEMENT

IV. Nomination and Remuneration Committee

A. The company through its Board of Directors shall constitute the nomination and remuneration committee which shall comprise at least three directors, all of whom shall be non-executive directors and at least half shall be independent. Chairman of the committee shall be an independent director.

Provided that the chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.

B. The role of the committee shall, inter-alia, include the following:

1. 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;

2. Formulation of criteria for evaluation of Independent Directors and the Board;

3. Devising a policy on Board diversity;

4. 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.

C. The Chairman of the nomination and remuneration committee could be present at the Annual General Meeting, to answer the shareholders' queries. However, it would be up to the Chairman to decide who should answer the queries.

PRESENT POSITION OF DIRECTORS & KMP OF THE COMPANY

The Company has constituted a Nomination and Remuneration Committee of the Board of Directors (Board). At present there are total Nine directors on the Board of which One is Executing Three Non Executing and five Independent.

*The Following are the KMP's of the Company
Mr. Satish R Shetty – Managing Director
Mr. N M Hegde – CFO
Mr. Lakshmisha Babu S – Company Secretary*

POLICY RELATING TO REMUNERATION OF DIRECTORS, KMP & SENIOR MANAGEMENT PERSONNEL:

- To ensure that the level and components of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and other employees of the quality required to run the Company successfully.*
- No director/KMP/ other employee is involved in deciding his or her own remuneration.*
- The trend prevalent in the similar industry, nature and size of business is kept in view and given due weight age to arrive at a competitive quantum of remuneration.*
- It is to be ensured that relationship of remuneration to the performance is clear meets appropriate performance benchmarks which are unambiguously laid down and communicated.*
- Improved performance should be rewarded by increase in remuneration and suitable authority for value addition in future.*
- Remuneration packages should strike a balance between fixed and incentive pay,*

where applicable, reflecting short and long term performance objectives appropriate to the Company's working and goals.

- *Following criteria are also to be considered:-*

Responsibilities and duties ;

Time & efforts devoted;

Value addition;

Profitability of the Company & growth of its business;

Analyzing each and every position and skills for fixing the remuneration yardstick ; Standards for certain functions where there is a scarcity of qualified resources.

Ensuring tax efficient remuneration structures.

Ensuring that remuneration structure is simple and that the cost to the Company (CTC) is not shown inflated and the effective take home remuneration is not low.

Other criteria as may be applicable.

- *Consistent application of remuneration parameters across the organization.*
- *Provisions of law with regard making payment of remuneration, as may be applicable, are complied.*
- *Whenever, there is any deviation from the Policy, the justification /reasons should also be indicated / disclosed adequately.*

REVIEW

The policy shall be reviewed by the Nomination & Remuneration Committee and the Board, from time to time as may be necessary.

Approved in the Board Meeting held on 31.07.2014