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Remuneration and Board Diversity Policy

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1. BACKGROUND

Section 178 of the Companies Act, 2013 requires the Nomination and Remuneration Committee to recommend to the Board a policy for nomination of directors, key managerial personnel, senior management and other employees.

The Policy harmonises the requirements of the Companies Act, 2013 including any rules made thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “**SEBI Listing Regulations**”). The Indraprastha Medical Corporation Limited (“**Company**”) considers its human resources its invaluable assets. This policy has been formulated so as to align the aspirations of the employees with the goals of the Company.

2. DEFINITIONS

For the purposes of this Policy, unless the context otherwise requires, the following terms will have the meaning ascribed to them below:

1. “**Act**” means Companies Act, 2013 including Rules made thereunder, as amended, from time to time.
2. “**Articles of Association**” means articles of association of the Company
3. “**Board**” or “**Board of Directors**” means members of the Board of Directors of the Company.
4. “**Company**” means Indraprastha Medical Corporation Limited.
5. “**Director**” means a director on the Board of the Company.
6. “**Independent Director**” has the meaning ascribed to such term under Section 2(47) of the Act and Regulation 16(1) (b) of the SEBI Listing Regulations.
7. “**Key Managerial Personnel**” or “**KMP**” shall mean – (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; (v) 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; and (vi) such other officer as may be prescribed in the Act.
8. “**Nomination and Remuneration Committee**” or “**NRC**” means the nomination and remuneration committee constituted by the Board of Directors of the Company under provisions of the Act and the SEBI Listing Regulations.
9. “**Policy**” means this Remuneration and Board Diversity Policy.

10. “**Relative**” has the meaning ascribed to it under the Act.
11. “**SEBI Listing Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, from time to time.
12. “**Senior Management**” shall mean those personnel of the Company who are members of its core management team excluding the Board, comprising 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 the company secretary and chief financial officer. For the sake of clarity, Senior Management shall also include personnel employed as ‘Senior Management’ under Section 178 of the Act.

Words and expressions not defined in this Policy shall have the same meaning as contained in the Act, the SEBI Listing Regulations or any other applicable laws or regulations. In case of any contradictions in the provisions of the SEBI Listing Regulations, the Act or any other regulation and provisions of the Policy, the provisions of the Act and the SEBI Listing Regulations will prevail over the Policy.

3. **OBJECTIVES**

The objective of the this Remuneration and Board Diversity Policy is to ensure that the Directors, KMP’s, Senior Management and other employees of the Company are governed by comprehensive compensation criteria that foster meritocracy and *inter alia* sets out the approach to diversity on the Board of Directors of the Company.

4. **REMUNERATION TO DIRECTORS, KMP, SENIOR MANAGEMENT AND OTHER EMPLOYEES**

Remuneration packages are designed to attract and retain high calibre personnel required to run the Company successfully. The remuneration shall be competitive and based on the individual responsibilities and performance and in due compliance with the legal framework laid down.

This Policy is guided by a common reward, retention framework and set of principles and objectives as more fully and particularly envisaged under section 178 of the Act read with related rules issued thereon, *inter-alia* principles pertaining to determining qualifications, positive attributes, integrity and independence etc.

The policy is divided into separate sections for Directors, KMP’s, Senior Management and other employees of the Company. The basic guiding principle is that the remuneration and other terms

of employment shall be competitive in order to ensure that the Company can attract and retain competent executives.

I. REMUNERATION TO DIRECTORS

(i) Remuneration to Executive Directors:

The remuneration paid to Executive Directors shall be recommended by the NRC and approved by the Board, subject to the subsequent approval by the shareholders at the general meeting and such other authorities, as the case may be.

Structure and parameters:

The remuneration policy for the executive directors has been formulated, considering the following key principles including but not limited to the basic principle to have long term relationship with the Company:

Key Principles:

- **Linked to strategy:** A substantial portion of the executive director's remuneration is linked to success in developing and implementing the Company's strategy.
- **Performance related:** A part of the total remuneration varies with performance, aligning with the shareholder's interest.
- **Long term:** The structure of remuneration is designed to reflect the long term nature of the Company and significance of the protection of interest of the shareholders.
- **Fair treatment:** Total overall remuneration takes account of both the external market and company conditions to achieve a balanced "fair outcome".

Elements of the Remuneration structure of Executive Directors:

- Fixed salary - Company shall provide the base level fixed remuneration to reflect the scale and dynamics of the business and to be competitive with the external market.
- Perquisites and Allowances - Company shall provide such perquisites and allowances to the executive directors as it may consider necessary, keeping in view the market trend, industrial analysis etc.
- Performance-linked bonus which shall be a cumulative outcome of both the individual target achievement level as well as the Company's Performance.
- Special awards for breakthrough business performance.
- Retention Bonus, where deemed fit, to ensure continuity of service
- Premium for Health Insurance - The Company may pay the premium for Health Insurance for executive directors and their spouse as may be decided by the Board.
- Premium for Indemnity Insurance - The Company may pay premium for indemnity Insurance to cover the liability of executive directors of the Company towards any claims

that may be filed against any of the executive directors of the Company. Pursuant to the provisions of Section 197 of the Companies Act, 2013, where any insurance is taken by a company on behalf of its Managing Director, Whole-time Director, Manager, Chief Executive Officer, Chief Financial Officer or Company Secretary for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the company, 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.

- Other benefits in accordance with the market practice and industry analysis.
- Annual remuneration reviews shall be based on individual performance, company Performance, market environment and future plans.
- The remuneration to any one Managing Director or Whole Time Director or Manager shall not exceed five percent of the net profits of the Company and if there is more than one such director remuneration shall not exceed ten percent of the net profits to all such directors and Managers taken together.
- If any director draws or receives, directly or indirectly, by way of remuneration, any such sums in excess of the limit prescribed by this section or without approval required under this section, he shall refund such sums to the company, within two years or such lesser period as may be allowed by the company, and until such sum is refunded, hold it in trust for the company.
- The company shall not waive the recovery of any such sum mentioned in the preceding clause which is refundable to it unless approved by the company by special resolution within two years from the date the sum becomes refundable.

(ii) Remuneration to Non-Executive Directors & Independent Directors (“Collectively referred to as NED’s”)

This Section deals with the requirements pertaining to the remuneration structure of NED’s.

Key Principles: - Remuneration should be sufficient to attract, retain and motivate best non-executive talent suited to the requirements of the Company.

Remuneration practice should be consistent with the recognized best standard practices for NED’s.

Elements of the Remuneration structure of NED’s:

- Fee for attending Board, Committee and other meetings - NED’s may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board. The amount of fees shall not exceed the amount as may be prescribed under Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and any amendment thereto.

- The amount of fee to Independent directors and women directors shall not be less than the fee payable to other directors.
- The Board shall review the quantum of fee of NED's as may considered necessary keeping in view the industry trends, corporate practices, Company's performance, shareholder's interest and the relevant statutory guidelines issued from time to time.
- Commission on profits - In addition to the fee paid by the Company for attending Board and Committee meetings , NEDs may receive commission on profits of the Company as may be decided by the Board within the limits as specified in the Companies Act, 2013 read with related rules issued thereon and all other applicable laws. While determining the amount of fee and commission on profits, the Board shall take into account the market practice, the performance of the Company, the travel and time commitment required for attending Board and Committee meetings and extent of responsibilities cast on directors under the various laws and other relevant factors.
- Reimbursement of expenses - NEDs shall be entitled to reimbursement of expenses on travelling, lodging, boarding and other expenses incurred for participation in the Board and Committee meetings or for any other purpose as may be decided by the Board.
- Premium for Health Insurance - The Company may pay the premium for Health Insurance for NEDs and their spouse as may be decided by the Board.
- Premium for Indemnity Insurance - The Company may pay premium for indemnity Insurance to cover the liability of NEDs of the Company towards any claims that may be filed against any of the Non-executive directors of the Company.
- Ceiling of one percent of Net profit - The amount of commission to NEDs, premium for health insurance for non-executive directors including independent directors and their spouses shall not exceed 1% of the Net profits of the Company. The ceiling of one percent of net profits shall be exclusive of the fees payable to directors under the Rules.
- If any director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limit prescribed by this section or without approval required under this section, he shall refund such sums to the company, within two years or such lesser period as may be allowed by the company, and until such sum is refunded, hold it in trust for the company
- The Company shall not waive the recovery of any such sum mentioned in the preceding clause sum which is refundable to it unless approved by the company by special resolution within two years from the date the sum becomes refundable.

II. REMUNERATION TO KEY MANAGERIAL PERSONNEL

The remuneration to Key Managerial Personnel (KMP) of the Company will be fixed after taking into account educational and professional qualification, experience & expertise of the personnel and the competitive market practices.

Key Principles:

Remuneration should be sufficient to attract, retain and motivate best talent suited to the requirements of the Company. Remuneration practice should be consistent with the recognized best standard practices for Key Managerial Personnel's.

Elements of the Remuneration structure of KMP(s):

- Fixed salary - Company shall provide the base level fixed remuneration to reflect the scale and dynamics of the business and to be competitive with the external market
- Perquisites and Allowances - Company shall provide such perquisites and allowances to the KMPs as it may consider necessary, keeping in view the market trend, industrial analysis etc.
- Performance-linked bonus which shall be a cumulative outcome of both the individual target achievement level as well as the Company's Performance.
- Commission on annual profits
- Special awards for breakthrough business performance
- Retention Bonus, where deemed fit, to ensure continuity of service
- Premium for Health Insurance - The Company may pay the premium for Health Insurance for KMPs and their spouse as may be decided by the Board.
- Premium for Indemnity Insurance - The Company may pay premium for indemnity Insurance to cover the liability of KMPs of the Company towards any claims that may be filed against any of the KMPs of the Company.
- Other benefits in accordance with the market practice
- Annual remuneration reviews shall be based on individual performance, Company Performance, market environment and future plans.

III. REMUNERATION OF SENIOR MANAGEMENT AND OTHER EMPLOYEES

The remuneration to Senior Management and other employees shall be fixed considering internal, external and individual equity; and also procedural equity.

Key Principles:

Remuneration should be sufficient to attract, retain and motivate best talent suited to the requirements of the Company. Remuneration practice should be consistent with the recognized best standard practices for Senior Management and other employees.

Elements of the Remuneration structure of Senior Management and other Employees : —

- Fixed salary - Company shall provide the base level fixed remuneration to reflect the scale and dynamics of the business and to be competitive with the external market
- Perquisites and Allowances - Company shall provide such perquisites and allowances to the Senior Management and other employees, as it may consider necessary, keeping in view the market trend, industrial analysis etc.
- Performance-linked bonus which shall be a cumulative outcome of both the individual target achievement level as well as the Company's Performance.
- Special awards for breakthrough business performance
- Retention Bonus, where deemed fit, to ensure continuity of service
- Premium for Health Insurance - The Company may pay the premium for Health Insurance for Senior Management and Other Employees including their dependent family members, as may be decided by the Board.
- Other benefits in accordance with the market practice

Annual remuneration reviews shall be based on individual performance, Company Performance, market environment and future plans.

5. BOARD DIVERSITY

The Company is committed to actively manage diversity as a means of enhancing its performance by recognising and utilising the contribution of diverse skills and talent from its directors, officers and employees.

To ensure that the Company has a diverse Board, all appointments shall be made on the basis of merit and due regard shall be given to other attributes including gender, age, cultural, educational & geographical background, ethnicity, professional experience, skills and knowledge. This will also contribute to drive growth, improve corporate governance practices, enhance decision making and gain competitive advantage.

Considering the above, the NRC shall recommend the appointment or continuation of members to achieve optimum combination at the Board and periodically assess the specific requirements in relation to Board diversity.

6. ADMINISTRATION, REVIEW AND AMENDMENT OF THE POLICY.

This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Listing Regulations or as may be otherwise prescribed by the NRC/ Board from time to time.

7. **INTERPRETATION**

Any ambiguities, difficulties and interpretative issues regarding this Policy shall be referred to the NRC/ Board in line with the intent of this Policy read with the applicable provisions of the Companies Act, 2013, rules made thereunder, and the SEBI Listing Regulations. The decision of the NRC/Board in such a case shall be final.

In the event of any conflict between the provisions of this Policy and the Companies Act, 2013 or the SEBI Listing Regulations or any other cognate statutory enactments or rules then the provisions of the Companies Act, 2013 or the SEBI Listing Regulations or such other cognate statutory enactments or rules made thereunder shall prevail over to this Policy and the part(s) so repugnant shall be deemed to severed from this Policy and the rest of the Policy shall remain in force.

For and on behalf of the Board



**P. Shivakumar
Managing Director**

**Place: New Delhi
Date: 23rd May, 2020**