

MEDINOVA DIAGNOSTIC SERVICES LIMITED

PERFORMANCE EVALUATION, NOMINATION & REMUNERATION POLICY

I. TITLE:

This policy with regard to Performance Evaluation and Remuneration shall be called the Medinova Diagnostic Services Limited – Performance Evaluation, Nomination and Remuneration Policy (herein after referred to as the “Policy”).

II. INTRODUCTION

This Performance Evaluation, Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along Rules made there under and applicable provisions of Listing Regulations, as amended from time to time. This policy has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

III. DEFINITIONS

- a) Act means the Companies Act, 2013 and the rules made thereunder.
- b) Board means Board of Directors of the Company
- c) Committee means Nomination and Remuneration Committee of the Company.
- d) Company means Medinova Diagnostic Services Limited
- e) Employee means any employee of the Company (whether working in India or abroad)
- f) Independent Director means a director who meets the criteria of Independence laid down under Section 149 of the Companies Act, 2013 read with the rules made there under and the Listing Agreement entered with the stock exchanges.
- g) Key Managerial Personnel means:
 - Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
 - Chief Financial Officer;
 - Company Secretary; and
 - Such other officer who is reporting to Managing Director/CEO.
- h) Nomination and Remuneration Committee, by whatever name called, shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act and the applicable provisions of Listing Regulations.
- i) Senior Managerial Personnel mean the personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management who are one level below the Executive Directors, including the functional heads.

IV. OBJECTIVE

The Objective and purpose of this policy are:

- To carry out formal evaluation by the Board of its own performance and that of its committees and individual directors
- To establish a framework for the remuneration of directors, key managerial personnel and other employees.
- To lay down criteria for identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommending to the Board their appointment and removal.
- To attract, retain and motivate the Directors, KMPs and Senior Management Personnel.

V. ROLE OF THE COMMITTEE:

The Committee shall:

- a) Formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- b) Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this Policy;
- c) Lay down the evaluation criteria for performance evaluation of Independent Director and the Board;
- d) Recommend to the Board, appointment, remuneration and removal of Director, KMP and Senior Management;
- e) To devise a Policy on Board diversity.
- f) The Committee shall, while formulating the policy under Section 178(3) 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.
- g) Any other responsibility as determined by the Board.
- h) To carry out additional functions and adopt additional policies and procedures as may be required or appropriate in light of changing business, legislative, regulatory, legal or other conditions.

VI. GENERAL:

This Policy is divided in Four Parts:

Part - A: Appointment & Remuneration

Part - B: Performance Evaluation

Part - C: Framework for Separate meeting of Independent Directors

Part - D: Familiarisation Programme for Independent Directors

PART - A Appointment & Remuneration

1. Appointment criteria and qualification

- a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his/her appointment, as per Company's Policy. A proposed appointee shall fulfill all the requirements prescribed, from time to time, under the Companies Act 2013, applicable provisions of Listing Regulations and other relevant laws.
- b. A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the position.
- c. Appointment of Directors, KMP's and Senior Management Personnel are subject to compliance of provisions of the Companies Act, 2013 and compliance of applicable provisions of Listing Regulations. The Director/ Independent Director/Senior Management Personnel/KMP shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made there under, applicable provisions Listing Regulations or any other enactment for the time being in force.
- d. While appointing Independent Directors, the Committee shall ensure that the person proposed to be appointed possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales & marketing, administration, research, corporate governance, technical operations, other disciplines related to the Company's business and such other criteria as may be specified by any law amended from time to time.
- e. It shall also ensure that Directors proposed to be appointed are not disqualified under any law. In case of Independent Director, it shall ensure that person proposed to be appointed meets the criteria of independence as laid down by the Companies Act, 2013 and applicable provisions of Listing Regulations as amended from time to time.
- f. The appointment as recommended by the Nomination and Remuneration Committee further requires the approval of the Board.

2. Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013 and rules made there under or under any other applicable Act, rules and regulations, the Committee may recommend to the Board with reasons to be recorded in writing, removal of a director, KMP or senior management personnel, subject to the provisions and compliance of the Act, rules and regulations.

3. Remuneration

The level and composition of remuneration to be paid to the CMD/ Managing Director, Whole Time Director(s), KMPs, Senior Management Personnel and other employees shall be reasonable and sufficient to attract, retain and motivate directors, KMPs, Senior Management and other employees of the company. The relationship of remuneration to performance should be clear and should encourage meeting of appropriate performance benchmarks. The remuneration may also involve a balance between fixed and incentive / performance related pay reflecting achievement of short and long-term performance objectives appropriate to the working of the company and meeting its goals.

i. Remuneration to Executive Directors, KMP's & Senior Management Personnel.

- a. Besides the above Criteria, The Executive Directors, KMPs and Senior Management Personnel shall be eligible for a remuneration/Commission/Bonus/Performance Related Pay/Incentive/ Fees, etc., as may be approved by the Board on the recommendation of the Committee and shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force as also by Company policy. The breakup of the pay scale and quantum of perquisites shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
- b. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive Director/KMPs in accordance with the provisions of Schedule V to the Companies Act, 2013 or prior approval of the Central Government as the case may be. If the appointee is consented to render the service without remuneration he/she may be appointed without remuneration too.
- c. The Chairman/Executive Director of the Company shall, as the case may be, decide the remuneration of KMP (other than Chairman / Whole time Director) and Senior Management based on the experience, qualification, expertise, standard market practice and prevailing HR policies of the Company.
- d. The Incentive pay, if any, shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

ii. Non – Executive Directors / Independent Directors:

- a. The Non-Executive / Independent Directors may receive sitting fees, travelling, accommodation and other expenses incidental thereto for attending meetings of Board or Committee thereof. Provided that the amount of fees and expenses, if any, shall be such as determined by the Board of Directors from time to time subject to provisions of the Companies Act, 2013 and rules made thereof.
- b. Remuneration /Commission, if applicable, may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.
- c. An Independent Director shall not be entitled to any stock option of the Company unless otherwise permitted in terms of the Act and the Listing Regulations, as amended from time to time.

PART – B Performance Evaluation

4. Framework for Performance Evaluation of Board, Committees & Independent Directors

The Board is committed to assessing its own performance as a Board (including Committees) in order to identify its strengths and areas in which it may improve its functioning. To that end, the Committee shall establish the following processes for evaluation of performance of Independent Director and the Board:

- i. Once a year, the Board will conduct a self-evaluation. The Chairperson will meet with the directors either collectively or separately, as he may deem fit, seeking input in relation to the performance of the Board, each Board Committee, other Whole time Directors and his own performance.
- ii. The Chairperson will collect the input and provide an overview report for discussion by the Board.
- iii. The Board as a whole will discuss and analyze the performance collectively of each director individually and its own performance during the year including suggestions for change or improvement, as well as any skills, education or development required over the forthcoming year
- iv. The Board / Independent Directors will be asked to complete the evaluation forms (As designed by the Committee from time to time) and submit the same to the Chairman.
- v. In terms of Section 134 of the Act, the Directors' Report should include a statement indicating a manner in which the Board has done formal annual evaluation of its own performance, performance of Committees and individual Directors of the Company.

PART C
Framework for Separate meeting of Independent Directors

5. As required by the provisions of Schedule IV to the Act and the applicable provisions of Listing Regulations, the Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of Non-independent Directors and members of the management. The meeting 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 that is necessary for the Board to effectively and reasonably perform their duties.
- (d) This meeting could be held prior or after the Board Meeting. The Independent Directors are free to call such meeting at any point of time, as desired.

PART D
6. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

- i. As required by the provisions of Schedule IV to the Act and the applicable provisions of Listing Regulations, the Company is required to develop a Familiarization Programme for the Independent Directors of the Company.
- ii. The Company will impart Familiarization Programs for new Independent Directors inducted on the Board of the Company.
- iii. The Independent Directors are afforded every opportunity to familiarize themselves with the Company, its management and its operations and above all the Industry perspective & issues. They are made to interact with senior management personnel and are given all the documents sought by them for enabling a good understanding of the Company, its various operations and the industry of which it is a part which enable the Directors to contribute significantly to the Company. The Familiarization Program of the Company will provide information relating to the Company, IT industry, business model of the Company, geographies in which Company operates, etc. The programso intends to improve awareness of the Independent Directors on their roles, rights, responsibilities towards the Company.
- iv. The Familiarization Program comprises a detailed overview of the business verticals of the Company and meetings with business heads / senior leadership team, and with the Chairman, at which time; the Independent Director is familiarized with various aspects of the Company's business verticals including the industries in which such businesses operate.
- v. The Program will be reviewed and changes made as and when deemed necessary.