

MPHASIS LIMITED

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DIRECTORS REMUNERATION POLICY

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V 1.0	A Sivaram Nair	22 November 2010	Approval of Directors' Remuneration Policy
V2.0	A Sivaram Nair	30 July 2014	Amendments to the Remuneration Policy to align with the Companies Act, 2013
V3.0	A Sivaram Nair	13 February 2015	Reimbursement of Remuneration to HPE Directors
V4.0	A Sivaram Nair	27 September 2016	Approval of payment of remuneration to all the Non Executive Directors including non Independent Directors.
V5.0	A Sivaram Nair	25 May 2017	Approval for payment of remuneration to all the Non-Executive Directors on a quarterly basis.
V6.0	Subramanian Narayan	10 May 2018	Approval for payment of fixed remuneration to all the non-executive directors on uniform basis with effect from 1 April 2018.

Contents

1. Introduction	02
2. Policy Objectives.....	03
3. Director Remuneration.....	04
4. Review of Policy.....	08
5. Disclosures.....	09

Introduction

The Company recognizes the need to be competitive in the National and International market by ensuring fair and reasonable rewards for high levels of performance.

In consonance with the above, the Board of Directors of the Company recognizes that, to provide a stable leadership and governance for the Company, it must be able to attract, retain and motivate skilled directors keeping in mind the short term and long term objectives of the investors. In addition, such Remuneration policy would help the Company to promote the long term objectives of the shareholders for wealth maximization.

The Remuneration Policy for the directors contains a review of the compensation levels available to the directors and the criterion thereof. The policy seeks to explain about the expected commitments from the directors and their remuneration.

Policy Objectives

1. To attract and retain qualified and experienced directors.
2. To motivate the directors to achieve the Company's results and to ensure fair and equitable remuneration to the directors having regard to their responsibilities.
3. To ensure that the director's remuneration is aligned with the short term and long term performance objectives of the Company.
4. Ensure that director's remuneration supports best practice principles of corporate governance.

DIRECTORS REMUNERATION POLICY

(A) Remuneration for Non-Executive Directors:

- i. The Non-Executive Directors, shall be entitled for remuneration as per the policy detailed hereunder.
- ii. Subject to the provisions of the applicable laws, the Non-Executive Directors shall be entitled to an annual commission, payable every financial quarter.
- iii. Subject to the provisions of the applicable laws, the compensation of the Non-Executive Directors shall be structured to include fixed and variable pay.
- iv. The Non Executive Independent Directors shall not be entitled to any stock options.
- v. The structure of remuneration for the Non-Executive Directors is enumerated in **Annexure 1**.
- vi. The Board may at its discretion, determine the Remuneration of the Non-Executive Directors, on such terms as deemed fit, subject to the applicable sanctions and provisions of the Companies Act, 2013 and Rules made thereunder.

(B) Remuneration to Executive Directors:

- i. The Executive Directors shall be employed under executive service contracts. All terms of their remuneration shall be fixed by the Nomination and Remuneration Committee of the Board of Directors and shall be subject to the approval of the General Body.
- ii. Subject to the provisions of the applicable laws, the remuneration of the Executive Directors shall comprise of combination of fixed and performance - based pay with a view to ensure that the company can attract and retain key talents. The structure of remuneration for the Executive Directors is detailed in **Annexure 2**.
- iii. The remuneration of the Executive Directors will be assessed annually by the Nomination and Remuneration Committee of the Board of Directors to ensure that it is in line with the conditions in comparable companies.
- iv. The Executive Directors shall not receive any remuneration including sitting fees for directorships in the wholly owned subsidiaries of the Company.
- v. Subject to the provisions of the applicable laws, in case a person is Executive Director in two companies or more, the total remuneration payable shall be as decided by the Board of Directors of the Company.

(C) Reimbursement of Expenses to Directors:

The Non-Executive Directors, shall be reimbursed expenses incurred in connection with undertaking their duties and attending meetings. This may include:

- ▶ Travel and accommodation
- ▶ Conveyance expenses
- ▶ Any other expense which is incurred in connection with the performance of duties as directors.

(D) Governance

In carrying out the functions, the Nomination and Remuneration Committee/Board of Directors, shall have due regard to the principles of fairness and equity, principles of transparency, provisions of the Companies Act, 2013 and Rules made thereunder, principles of the Corporate Governance, Listing Regulations, Regulations of SEBI and other applicable Authorities.

(E) Clarifications

For any clarifications on the above policy, you may contact Mr. Subramanian Narayan, Vice President and Company Secretary.

Structure of Remuneration for Non-Executive Directors:

Particulars	Factor	Max Remuneration (Rs. Lacs)
Fixed Remuneration	Flat Fee p.a.	44 .00
Variable Remuneration determined based on the following:		
– Board Chairmanship	Flat Fee p.a.	10.00
– Board Meeting Attendance	Per Meeting	0.75
– General Body Meeting Attendance	Per Meeting	0.50
– Audit Chairmanship	Flat Fee p.a.	5.00
– Audit Membership	Per Meeting	0.40
– Nomination and Remuneration Committee Chairmanship	Flat Fee p.a.	1.00
– Nomination and Remuneration Committee Membership Attendance	Per Meeting	0.25
– Strategy Committee Chairmanship	Flat Fee p.a.	1.00
– Strategy Committee Membership Attendance	Per Meeting	0.25

The portions of the remuneration denominated as “Per Meeting” are applicable in respect of meetings actually held and participated by the Non –Executive Directors which are statutorily counted for the purpose of quorum.

Structure of Remuneration for Executive Directors:*1. Structure of the compensation of Executive Director*

The compensation payable to executive Directors for the performance of executive duties for the Company is structured as follows:

2.1. Fixed compensation

This part of the compensation is determined according to the competitive level in the market taken as a reference, and the individual contribution of the executive Director.

2.2. Variable short-term (annual) compensation

A significant portion of the compensation of Directors performing executive duties for the Company shall be variable, in order to strengthen their commitment to the Company and to motivate their performance. The parameters normally used as a reference for variable annual incentives are:

- Achievement of the objectives established at the Group level.
- Individual performance, in alignment to the duties and objectives established for each executive.
- Other elements and qualitative circumstances linked to the performance of the duties and the individual powers of each position.

2.3. Variable medium and long-term compensation

The Company also makes provision for the implementation of incentive schemes linked to the achievement of medium or long-term objectives, in order to foster the retention and motivation of executive Directors and alignment with the sustained maximization of the value of the Company over time.

These schemes may include the grant of Company's RSU's / Options thereon or of compensation rights linked to the value thereof.

2.4. Benefits

Executive Directors participate, as part of their in-kind compensation, in general health, life insurance and disability insurance plans. These benefits will be entirely in line with existing market practices.

2.5. Terms of appointment

The terms of appointment of Executive Director will be for a period not exceeding 5 years and is terminable by three months notice on either side.

Review of Policy

The Nomination and Remuneration Committee of the Board of Directors of the Company shall review the policy from time to time and shall make appropriate recommendations to the Board.

Disclosures

The Remuneration Policy be disclosed to the shareholders in the relevant sections of the Annual Report, as per the provisions of laws in force.