



# **NOMINATION AND** **REMUNERATION POLICY**

aarvee engineering consultants limited

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## **NOMINATION AND REMUNERATION POLICY**

### **1. INTRODUCTION**

The Board of Directors of Aarvee Engineering Consultants Limited (‘the Company’) had constituted the ‘Nomination and Remuneration Committee’ which is in compliance with the requirements of the Companies Act, 2013 (‘Act’) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘LODR’). As per the provisions of the Act & LODR, the Nomination and Remuneration Committee of the Board shall lay appropriate criteria for selection of Directors, Key Managerial Personnel & Senior Management and formulate appropriate policy for payment of equitable remuneration to them.

### **2. OBJECTIVE**

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Act read along with the applicable rules thereto and Regulation 19 of LODR. The Key Objectives of the Committee would be:

2.1. To 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 specify the manner for effective evaluation of performance of Board, its Committees and individual Directors to be carried out by the Board or the Nomination & Remuneration Committee or by an Independent External Agency and review its implementation and compliance;

2.2 To 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 other employees;

2.3. To ensure that level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;

2.4 Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

2.5 Remuneration of Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short-term and long-term performance objectives appropriate to the working of the Company and its goals;

2.6. Devising a policy on Board diversity;

### **3. DEFINITIONS**

3.1. ‘Act’ means the Companies Act, 2013 or Companies Act, 1956 as may be applicable



and Rules framed thereunder, as amended from time to time.

- 3.2 **“Board”** means Board of Directors of the Company.
- 3.3 **“Directors”** mean Directors of the Company.
- 3.4 **“Executive Directors”** means the Executive Chairman if any, Chief Executive Officer and Managing Director, Deputy Managing Director, if any and Wholetime Directors.
- 3.5 **“Key Managerial Personnel”** means
  - 3.5.1 Chief Executive Officer or the Managing Director or the Manager;
  - 3.5.2 Whole time Directors;
  - 3.5.3 Chief Financial Officer;
  - 3.5.4 Company Secretary;
  - 3.5.5 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
  - 3.5.6 Such other officer as may be prescribed.
- 3.6 **“Senior Management Personnel”** means all members of management one level below the Executive Directors including the Chief Financial Officer and Company Secretary. Presently, persons in Sr. Vice President grade and Finance and Accounting Heads (F & A) reporting to Whole-time Directors will be covered as Senior Management Personnel.

#### 4. **MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE**

- 4.1. Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- 4.2. 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.
- 4.3. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

#### 5. **POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT**

- 5.1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director and recommend to the Board his/her appointment. Appointment and Remuneration of KMP or Senior Management Personnel is in accordance with the HR Policy of the Company. The Company’s policy is committed to acquire, develop and retain a pool of high calibre talent, establish systems and practices for

maintaining transparency, fairness and equity and provides for payment of competitive pay packages matching industry standards.

5.2. A person should possess adequate educational qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

5.3. **Term / Tenure:**

**5.3.1. Executive Directors:**

The Company shall appoint or re-appoint any person as its Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

**5.3.2 Independent Director:**

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. The rationale for such re-appointment shall also be provided in the Notice to Shareholders proposing such re-appointment.

No independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

5.4. **Removal:**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules

and regulations.

**5.5. Retirement:**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act or the prevailing policy of the Company, as applicable. The Board/Committee will have the discretion to retain the Director, KMP, Senior Management personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**6. POLICY RELATING TO THE REMUNERATION OF EXECUTIVE DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL**

**6.1. General:**

6.1.1. The remuneration / compensation / commission etc. to the Executive Directors will be determined by the Committee and recommended to the Board for approval.

6.1.2. The remuneration and commission to be paid to the Executive Directors shall be in accordance with the percentage / limits / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.

6.1.3. Increments to the existing remuneration / compensation structure may be recommended by the committee to the Board which should be within the limits approved by the Shareholders in the case of Executive Directors.

6.1.4. Where any insurance is taken by the Company on behalf of its Executive Directors, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, 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.

6.1.5. Remuneration of other KMP or Senior Management Personnel, in any form, shall be as per the policy of the Company based on the grade structure in the Company.

**6.2. Fixed Pay:**

6.2.1. The Executive Directors / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee or policy of the Company. In case of remuneration to Directors, the breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board / the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

6.2.2 Performance Based Incentive: Cash Bonus, payable on the achievement of objective and quantifiable Key Performance Indicators (KPI) as established by the Committee.

6.2.3. If, any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive Directors in accordance with the provisions of Schedule V of the Act.

**6.3. Remuneration to Non-Executive / Independent Director:**

6.3.1. The remuneration payable to each non-executive Director and Independent Director shall be based on the remuneration structure as determined by the Board, as may be revised from time to time, depending on individual contribution, the Company's performance, and the provision of the listing Regulations. The Board on the recommendation of the Committee shall review and approve the remuneration payable within the overall limits approved by the shareholders.

6.3.2. The non-executive and Independent Directors of the Company shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof as may be decided by the Board from time to time.

6.3.3 However, the Independent Director shall not be entitled to any employee stock option (or) any other Stock incentive of the Company.

**6.4. Remuneration to other Employees:**

The Compensation for other employees would be as per the Employee compensation Norms of the company, as revised through the annual performance review process from time to time in consultation with the Human Resource (HR) Head.

**7. MEMBERSHIP**

7.1. The Committee shall consist of a minimum of 3 Directors, 2/3<sup>rd</sup> of them being Independent, comprising of all non-executive Directors.

7.2. Minimum two (2) members or 1/3<sup>rd</sup> of the members, whichever is greater including at least one Independent Director shall constitute a quorum for the Committee meeting.

7.3. Membership of the Committee shall be disclosed in the Annual Report.

**8. FREQUENCY OF MEETINGS**

The meeting of the Committee shall be held at least once in a year and at such regular intervals

as may be required.

## 9. COMMITTEE MEMBERS' INTERESTS

9.1. A member of the Committee is not entitled to be present / participate in discussion when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

9.2. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

## 10. SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

## 11. ROLE OF THE COMMITTEE

### 11.1. NOMINATION DUTIES:

The duties of the Committee in relation to nomination matters include:

11.1.1 Ensuring that an appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the guidelines provided under the Act;

11.1.2. Determining the appropriate size, diversity and composition of the Board;

11.1.3 Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;

11.1.4 Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;

11.1.5. Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;

11.1.6. Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company, subject to the provision of the law and their service contract;

11.1.7. Delegating any of its powers to one or more of its members or the Secretary of the Committee;

11.1.8. Recommend any necessary changes to the Board; and

11.1.9. Considering any other matters, as may be requested by the Board.





## 11.2. REMUNERATION DUTIES

The duties of the Committee in relation to remuneration matters include:

11.2.1. To consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract, retain and motivate members of the Board and such other factors as the Committee shall deem appropriate and all elements of the remuneration of the members of the Board.

11.2.2. To ensure the remuneration maintains a balance between fixed and incentive pay reflecting short-term and long-term performance objectives appropriate to the working of the Company.

11.2.3. To delegate any of its powers to one or more of its members or the Secretary of the Committee.

11.2.4. To consider any other matters as may be requested by the Board.

11.2.5. To review professional indemnity and liability insurance for Directors and senior management.

## 12. POLICY REVIEW & AMENDMENT

The Policy shall be reviewed as and when required to ensure that it meets the objectives of the relevant legislation and remains effective. The Board has the right to change/amend the Policy as may be expedient considering the law for the time being in force.

## 13. DISCLOSURES

The Company shall disclose this Policy on its website <https://aarvee.com/>. and shall provide the web address of this Policy in the Board's Report of the Company.

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