



## **Nomination & Remuneration Policy**

### **A2Z Infra Engineering Limited**

#### **I. PREAMBLE**

Pursuant to Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (LODR Regulations), as amended from time to time, the Board of Directors of every listed Company shall constitute the Nomination and Remuneration Committee. The Company has its duly constituted Nomination and Remuneration Committee comprising of three non-executive Independent Directors as required under LODR Regulations.

This Committee and the Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and LODR Regulations. The amended policy shall be applicable effective from 01st April, 2019.

#### **II. OBJECTIVE**

The Key Objectives of the Committee would be:

- a. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- c. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- d. To identify 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 of directors their appointment and removal.

### III. DEFINITIONS

- "Board" means Board of Directors of the Company.
- "Company" means "A2Z Infra Engineering Limited."
- "Employees' Stock Option" means the option given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.
- "Independent Director" means a director referred to in Section 149 (6) of the Companies Act, 2013 and Regulation 16(1)(b) of LODR Regulations.
- "Key Managerial Personnel" (KMP) means key managerial personnel as defined in subsection (51) of section 2 of the Companies Act, 2013
  - i. Chief Executive Officer or the Managing Director or Manager;
  - ii. Company Secretary;
  - iii. Whole-time Director;
  - iv. 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.
- "Nomination and Remuneration Committee" shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and LODR Regulations (including any amendment thereof).
- "Policy or This Policy" means, "Nomination and Remuneration Policy."
- "Remuneration" means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- "Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors. This would include 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 company secretary and chief financial officer.

#### **IV. INTERPRETATION**

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, LODR Regulations and/or any other SEBI Regulation(s) as amended from time to time.

#### **V. GUIDING PRINCIPLES**

The Policy ensures that

- The level and composition 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.

#### **VI. ROLE OF THE COMMITTEE**

The role of the Committee inter alia will be the following:

- a. To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- b. Formulate criteria for evaluation of Independent Directors and the Board.
- c. Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- d. To carry out evaluation of every Director's performance.
- e. To recommend to the Board the appointment and removal of Directors and Senior Management.
- f. To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- g. Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- h. To devise a policy on Board diversity.
- i. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

- j. To perform such other functions as may be necessary or appropriate for the performance of its duties.

## **VII. MEMBERSHIP**

- a. The Committee shall comprise at least three (3) Directors, all of whom shall be non-executive Directors and at least half shall be Independent.
- b. The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirement.
- c. Minimum two (2) members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance, shall constitute a quorum for the Committee meeting.
- d. Membership of the Committee shall be disclosed in the Annual Report.
- e. Term of the Committee shall be continued unless terminated by the Board of Directors.

## **VIII. CHAIRMAN**

- a. Chairman of the Committee shall be an Independent Director.
- b. Chairperson of the Company may be appointed as a member of the Committee but shall not Chair the Committee.
- c. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d. Chairman of the Nomination and Remuneration Committee could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

## **IX. FREQUENCY OF MEETINGS**

Committee shall be meet at least once in a year or at such regular intervals as may be required.

## **X. COMMITTEE MEMBERS' INTERESTS**

- a. A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

## **XI. VOTING**

- a. Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

- b. In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## **XII. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT**

### **1. Appointment criteria and qualifications:**

- i. 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 to the Board his / her appointment.
- ii. A person should possess adequate 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 are sufficient / satisfactory for the concerned position.
- iii. The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

### **2. Term / Tenure:**

- i. Managing Director/Whole-time Director/Manager (Managerial Person):
  - The Company shall appoint or re-appoint any person as its Managerial Person 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.
- ii. 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.
  - 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. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1 October, 2014 or such other date as

may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.

No person shall be appointed or continue as an alternate director for an independent director of a listed entity with effect from October 1, 2018.

- 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.

### **Resignation of Independent Director:**

In case of resignation of an independent director of the listed entity, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges by the listed entities:

- i. Detailed reasons for the resignation of independent directors as given by the said director shall be disclosed by the listed entities to the stock exchanges.
- ii. The independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reasons other than those provided.
- iii. The confirmation as provided by the independent director above shall also be disclosed by the listed entities to the stock exchanges along with the detailed reasons as specified in sub-clause (i) above.

### **3. Evaluation:**

The Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

### **4. Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

### **5. Retirement:**

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position /

remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

### **XIII. PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSON, KMP AND SENIOR MANAGEMENT**

#### **1. General:**

- i. The remuneration / compensation / commission etc. to Managerial Person, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company wherever required.
- ii. The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
- iii. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Person. Increments will be effective from the date of reappointment in respect of Managerial Person and from the date as decided by the Board of Directors on the recommendation of the Nomination and Remuneration Committee, in respect of other employees of the Company.
- iv. Where any insurance is taken by the Company on behalf of its Managerial Person, KMP 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.
- v. The fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if-
  - i. the annual remuneration payable to such executive director exceeds rupees 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or
  - ii. where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity:

Provided that the approval of the shareholders under this provision shall be valid only till the expiry of the term of such director.

## **2. Remuneration to Managerial Person, KMP and Senior Management:**

### **i. Fixed pay:**

Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the provisions of the Companies Act, 2013, and the applicable rules for the time being in force. The break-up 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 on the recommendation of the Committee and approved by the shareholders, wherever required.

### **ii. Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013.

### **iii. Provisions for excess remuneration:**

If any Managerial Person draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013, he / she shall refund such sums to the Company within two years and until such sum is refunded, hold it in trust for the Company.

## **3. Remuneration to Non-Executive / Independent Director:**

### **i. Remuneration / Commission:**

The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

### **ii. Sitting Fees:**

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof.

Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

**iii. Limit of Remuneration/Commission:**

Remuneration /Commission 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.

However, the approval of shareholders by special resolution shall be obtained every year, in case the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof.

**iv. Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company.

**XIV. MINUTES OF COMMITTEE MEETING**

Proceedings of all meetings must be minutes and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting.

**XV. DEVIATIONS FROM THIS POLICY**

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

**XVI. AMENDMENTS TO THE POLICY**

The Board of Directors on its own and/or as per the recommendations of Nomination & Remuneration Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision/amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

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