

# **PERFECT INFRAENGINEERS LIMITED**

## **NOMINATION AND REMUNERATION POLICY**

## **1. INTRODUCTION**

The Company Consider Human Resources as in valuable assets. This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and the Listing Agreement, as amended from time to time. This policy has been formulated in order to pay equitable remuneration to Directors, KMP and employees of the company and to harmonies the aspiration of human resource consistent with the goal of the company.

## **2. OBJECTIVE AND PURPOSE OF THE POLICY**

The objectives and purpose of this policy are:

- To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive / Non-Executive) and recommend to the Board policies relating to the remuneration of the Directors, Key Managerial Personnel and other employees. This includes, reviewing and approving corporate goals and objectives relevant to the compensation of the Chief Executive Officer (“CEO”), evaluating the CEO's performance in light of those goals and objectives, and, either as a committee or together with the other independent directors (as directed by the board), determine and approve the CEO's compensation level based on this evaluation; and making recommendations to the board with respect to non-CEO executive officer compensation, and incentive-compensation and equity- based plans that are subject to board approval;
- The policy also addresses the following items:
  - Committee member qualifications;
  - Committee member appointment and removal;
  - Committee structure and operations; and
  - Committee reporting to the Board.
- To formulate the criteria for evaluation of performance of all the Directors on the Board;
- To devise a policy on Board diversity; and
- To lay out remuneration principles for employees linked to their effort, performance and achievement relating to the Company's goals.

### **3. CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE**

The Board has constituted the "Nomination and Remuneration Committee" of the Board on April 10, 2015. This is in line with the requirements under the Companies Act, 2013 ("Act").

The Board has authority to reconstitute this Committee from time to time.

### **4. DEFINITIONS**

- **'Board'** means Board of Directors of the Company.
- **'Committee'** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable listing agreements and/or regulations.
- **'Company'** means Perfect Infraengineers Limited.
- **'Directors'** means Directors of the Company.
- **'Independent Director'** means a Director referred to in Section 149(6) of the Companies Act, 2013 and rules.
- **'Key Managerial Personnel (KMP)'** means-
  - i) the Managing Director or the Chief Executive Officer or the manager and in their absence, a Whole-time Director;
  - ii) the Company Secretary; and
  - iii) the Chief Financial Officer

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and Listing Agreement as may be amended from time to time shall have the meaning respectively assigned to them therein.

### **5. ROLE OF THE COMMITTEE:**

The role of the NRC will be the following:

- To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- To formulate criteria for evaluation of Independent Directors and the Board.
- To identify persons who are qualified to become Directors and who may be appointed as KMP in accordance with the criteria laid down in this policy.
- To carry out evaluation of Director's performance.
- To recommend to the Board the appointment and removal of Directors and KMP.
- To recommend to the Board policy relating to remuneration for Directors and Key Managerial Personnel.

- To devise a policy on Board diversity, composition, size.
- Succession planning for replacing Key Executives and overseeing.
- 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.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

## **6. APPOINTMENT AND REMOVAL OF DIRECTOR AND KEY MANAGERIAL PERSONNEL**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director or KMP and recommend his / her appointment, as per Company's Policy.
- 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) The Company shall not appoint or continue the employment of any person as Whole-time Director 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.

## **7. TERM / TENURE**

### **a) Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or 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.

### **b) 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 of upto maximum of 5 years each, 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.

#### **8. EVALUATION**

The Committee shall carry out evaluation of performance of Director and KMP yearly or at such intervals as may be considered necessary.

#### **9. REMOVAL**

The Committee may recommend with reasons recorded in writing, removal of a Director, or KMP subject to the provisions and compliance of the Companies Act, 2013, rules and regulations and the policy of the Company.

#### **10. RETIREMENT**

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

#### **11. POLICY FOR REMUNERATION TO DIRECTORS/KMP**

##### **1) Remuneration to Managing Director / Whole-time Directors:**

a) The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.

b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

##### **2) Remuneration to Non- Executive / Independent Directors:**

a) The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors subject to maximum limit as prescribed in Companies Act 2013 i.e. Rs.100,000 only.

b) All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of

such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.

c) An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.

d) Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:

i) The Services are rendered by such Director in his capacity as the professional; and

ii) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

e) The Compensation Committee of the Company, constituted for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share based payments to be made to Directors (other than Independent Directors).

### **3) Remuneration to Key Managerial Personnel**

a) The remuneration to Key Managerial Personnel shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.

b) The Compensation Committee of the Company, constituted for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share based payments to be made to Key Managerial Personnel.

c) The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from to time.

d) The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel, to be decided annually or at such intervals as may be considered appropriate.

## **12. IMPLEMENTATION**

The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate