

**NOMINATION AND REMUNERATION POLICY**

**Introduction:**

The terms of employment and remuneration of Managing Directors (MD), Joint Managing Director (JMD), Whole time Directors (WTD), Key Managerial Personnel (KMP) and Senior Managerial Personnel (SMP) shall be competitive in order to ensure that the Company can attract and retain competent talent.

**The objectives of the Policy**

1. To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
2. To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies.
3. To carry out evaluation of the performance of Directors.
4. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

**Applicability**

The Policy is applicable to

- a. Director (Executive and Non-Executive)
- b. Key Managerial Personnel
- c. Senior Management Personnel

**I. Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee:**

- a. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- b. Formulation of criteria for evaluation of Independent Directors and the Board.
- c. Devising a policy on Board diversity.



- d. Identifying 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 their appointment and removal.

## **II. Composition and Qualifications of Nomination and Remuneration Committee Members:**

1. The Nomination and Remuneration Committee is comprised of at least three directors, all of whom shall be Non- Executive Directors and at least half shall be independent. Chairman of the Committee shall be an independent director.
2. The Nomination and Remuneration Committee serves regularly in accordance with mandate given by the Board and the Board can amend or change the structure of the Committee in accordance with law.

## **III. Responsibilities:**

The Nomination and Remuneration Committee is responsible directly to the Board of Directors in accordance with the duties and responsibilities as signed to them from time to time.

## **IV. Meetings**

- i) The Nomination and Remuneration Committee shall meet as and when need arises. Members of the Management, Executives or relevant employees of the Company or the Auditor may be invited to participate in the meetings in order to opine, submit documents or information deemed relevant or necessary.
- ii) For all meetings of the Nomination and Remuneration Committee, the quorum will be presence of two members.
- iii) Nomination and Remuneration Committee Members with connected transaction in any matter being reviewed must be excluded from the voting on that matter, with the exception of the determination of remuneration for the Board of Directors.

## **V. Eligibility criteria for Appointment of Directors, Key Managerial Personnel and Senior Management**

- a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Directors, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b. A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment.



- c. The committee 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.

## **VI. Term and Remuneration**

### **A. Managing Director / Joint Managing Director / Whole time Director**

- i) The Company shall appoint or re-appoint any person as its Managing Director or Joint Managing Director or Whole time 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.
- ii) The remuneration / commission etc., to the Whole time Director will be determined by the Committee and recommended to the Board for approval. The remuneration / commission etc., for Whole time Director shall be subject to the approval of the shareholders of the Company.
- iii) If, in any financial year, the company has no profits or its profits are inadequate, the company shall pay remuneration to its Whole time Director in accordance with the provisions of Schedule V of the Companies Act, 2013.

### **B. Chief Financial Officer (CFO), Company Secretary (CS) and Senior Management Personnel**

The remuneration to be paid to the Chief Financial Officer, Company Secretary and Senior Management Personnel shall be recommended by the Nomination and Remuneration committee considering relevant qualification and experience of the individual as well as the prevailing market conditions.

### **C. Independent Director**

- i) An Independent Director shall hold office for a term upto 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.
- ii) No Independent Director shall hold 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 five years or more in the company, he/she shall be eligible for appointment of one more term of five years only.



#### **D. Remuneration to Non-Executive Directors / Independent Director**

The Independent Directors and Non-Executive Directors will be paid Sitting Fees, Commission and reimbursement of any actual or out of pocket expenses incurred for attending the meeting of the Board and its Committees.

Quantum of sitting fees will be reviewed on a periodical basis by the Board of Directors.

The Sitting Fees and Commission paid to Independent Directors and Non-Executive Directors will be within the limits specified under the Companies Act, 2013.

The aggregate Commission payable to all the Independent Directors and Non-Executive Directors will be based on Company's performance, profits and attendance and time spent in the Board and Committee meetings, individual contributions at the meetings, etc., as may be decided by the Board of Directors.

#### **E. Evaluation**

The committee shall carry out evaluation of performance of every Director annually.

#### **F. Removal**

Due to reasons for any disqualifications 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 Personnel subject to the provisions and compliance of the said Act, rules and regulations.

#### **G. Retirement**

The Director, KMP and Senior Management Personnel 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 Directors, KMP, Senior Management Personnel in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the company.



## H. Disclosures:

The company shall disclose the following in the Board's report and the financial statements:

- a) In the Board's Report, such particulars as are prescribed under the Companies Act, 2013 and Rules made thereunder and
- b) In the Corporate Governance Report, the particulars as prescribed under SEBI (LODR) Regulations, 2015.

## I. Dissemination

The Company's Remuneration Policy may be published on its website.

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**For Astra Microwave Products Ltd.**

  
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Managing Director