



ARDEE ENGINEERING LIMITED

POLICY ON APPOINTMENT AND REMUNERATION
OF DIRECTORS, KEY MANAGERIAL PERSONNEL,
SENIOR MANAGEMENT AND OTHER EMPLOYEES

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SENIOR MANAGEMENT AND OTHER EMPLOYEES**

1. APPLICABILITY AND SCOPE:

1.1 In accordance with section 134 (e) of Companies Act 2013, every listed company shall disclose in its Board of Director's Report, Company's policy on directors' appointment and remuneration of the directors, key managerial personnel and other employees including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under section 178 (3) of Companies Act 2013.

1.2 As per section 178 (3) of Companies Act 2013 the Nomination and Remuneration Committee ("**Committee**") shall 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.

1.3 Further Regulation 17(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), inter alia, reads, the Board of Directors of the listed entity shall satisfy itself that plans are in place for orderly succession for appointment to the Board of Directors and senior management.

1.4 The Policy on plans for orderly succession for appointments to the Board and to senior management is applicable to the Ardee Engineering Limited ("**Company**").

2. OBJECTIVES:

2.1 The objective of the policy is to ensure that directors on the Board of the Company ("**Directors**"), key managerial personnel of the Company ("**KMP**"), and in senior management ("**Senior Management**") and other employees are sufficiently compensated for their performance. The Policy also seeks to provide criteria for determining qualifications, positive attributes and independence of a director.

2.2 And also to ensure that;

2.2.1 The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

2.2.2 Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

2.2.3 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.

3. APPOINTMENT CRITERIA AND QUALIFICATIONS FOR DIRECTORS, KMP AND OTHER EMPLOYEES:

3.1 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.

3.2 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.

3.3 Person should possess the highest personal and professional ethics, integrity and values. Also person must be willing to devote sufficient time and energy in carrying out their duties and responsibilities.

3.4 Independent Director:

3.4.1 Independent Director should have no direct or indirect material relationship with the Company or any of its officers, other than as a director or shareholder of the Company.

3.4.2 Independent Director shall meet all criteria specified in Section 149(7) of the Companies Act, 2013 and rules made thereunder and SEBI regulations and rules made thereunder.

3.4.3 An independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.

4. TERM/TENURE:

4.1 Managing Director/Whole-time Director:

4.1.1 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.

4.2 Independent Director:

4.2.1 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.

4.2.2 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.

4.2.3 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. EVALUATION:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management as per the policy set out for evaluation of Board.

5.1. SUCCESSION PLANS:

Establishing and reviewing succession plans of the Board, KMP and Senior Management in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management.

6. POLICY RELATING TO THE REMUNERATION FOR THE DIRECTOR, KMP AND OTHER EMPLOYEES:

6.1 General:

6.1.1 The remuneration / compensation / commission etc. to the Whole-time Director, 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 and Central Government, wherever required.

6.1.2 The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / 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 slabs approved by the Shareholders in the case of Whole-time Director.

6.1.4 Where any insurance is taken by the Company on behalf of its Whole-time Director, 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.

6.2 Remuneration policy:

6.2.1 Remuneration to Whole-time / Executive / Managing Director:

6.2.1.1 Fixed Pay: Nomination and Remuneration Committee shall recommend the remuneration, including the commission based on the net profits of the Company Whole-time Director and Managing Director. This will be then approved by the Board and shareholders. Prior approval of shareholders will be obtained wherever applicable. 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, wherever required.

6.2.1.2 Annual increments as recommended by the Nomination and Remuneration Committee and is approved by the Board. Within the prescribed ceiling, the perquisites package is approved by the Remuneration Committee.

6.2.1.3 The remuneration paid to Executive Directors is determined keeping in view the industry benchmark and the relative performance of the Company to the industry performance. Perquisites and retirement benefits are paid according to the Company policy as applicable to all employees.

6.2.1.4 Minimum Remuneration: 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 Act and if it is not able to comply with such provisions, with the previous approval of the shareholders.

6.2.1.5 Provisions for excess remuneration: If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the

Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the shareholders.

6.2.2 Remuneration to Non- Executive / Independent Director:

6.2.2.1 Independent Non-Executive Directors are appointed for their professional expertise in their individual capacity as independent professionals / Business Executives. Independent Non- Executive Directors receive sitting fees for attending the meeting of the Board and Board Committees and commission as approved by the Board and shareholders.

6.2.2.2 The remuneration by way of commission paid to the Independent Non-Executive directors is determined periodically & reviewed based on the industry benchmarks.

6.2.3 Remuneration to Key Managerial Personnel and Other Employees:

6.2.3.1 The remuneration of employees largely consists of basic salary, perquisites, allowances and performance incentives. Perquisites and retirement benefits are paid according to the Company policy, subject to prescribed statutory ceiling.

6.2.3.2 The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience / merits, performance of each employee. The Company while deciding the remuneration package takes into consideration current employment scenario and remuneration package of the industry.

6.2.3.3 The annual variable pay of managers is linked to the performance of the Company in general and their individual performance for the relevant year measured against Company's objectives fixed in the beginning of the year.

7. FAMILIARISATION AND TRAININGS TO DIRECTORS

The Directors including Independent Directors are apprised through presentations / discussions, on periodical basis on the Business performance, Economic and Industry Trend, global business environment, business strategy, Risks & Compliance Management System and Critical Business Processes. Further, all Directors are provided trainings through various programs and workshops relating to the business of the Company. Visits to manufacturing facilities are also organised, which enhances the Directors' awareness about the Company's operations and also benefit the Company with their valuable inputs and suggestions. The Directors of the Company have access to the information relating to the Company. They interact with the Key Managerial Personnel and seek any information they need to discharge their functions effectively.

8. 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.

9. RETIREMENT:

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

10. AMENDMENTS TO THE POLICY:

9.1 The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

9.2 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.

11. Disclosure of the Policy

The Policy will be uploaded on the website of the Company.