

ANAND PROJECTS LIMITED

(Formerly Known as The Anand Electric Supply Company Limited)

Regd. Office: House No. 304, Ajadpura, Lalitpur-284403 (U.P)

Tel: +91 120 2511389, **Fax:** +91 120 2511389, **Website:** www.anandprojects.com

Corporate Identity Number: L40109UP1936PLC048200

NOMINATION AND REMUNERATION POLICY

Pursuant to Section 178 of the Companies Act 2013)

JANUARY 28, 2020

PREAMBLE

Pursuant to Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board of Directors of every listed Company shall constitute the Nomination and Remuneration Committee. The Company already constituted Remuneration Committee as per the requirement of Companies Act, 1956. In order to align with the provisions of the Companies Act, 2013 and the amended Listing Agreement from time to time, the Board on 29th September, 2014 changed the nomenclature of the “Remuneration Committee” as “Nomination and Remuneration Committee” and reconstituted the Committee with three non-executive Independent Directors and one executive Director as Member of the Committee.

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 Clause 49 of the Listing Agreement.

OBJECTIVE

The Key Objectives of the Committee would be:

- To formulate criteria for determining qualifications, positive attributes and independence for appointment of a Director (Executive /Non Executive).
- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- To devise a policy on Board diversity;
- To develop a succession plan for the Board and to regularly review the plan;
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- 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.

DEFINITIONS

“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;

“Key Managerial Personnel” means:

- i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- ii) Chief Financial Officer;
- iii) Company Secretary; and
- iv) such other officer as may be prescribed.

“Senior Managerial Personnel” mean the personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management, of rank equivalent to General Manager and above, including all functional heads.

“Company” means “Anand Projects Limited.”

“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 the Listing Agreement.

FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required.

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.

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.

GENERAL

This policy is divided into 2 (Two) parts:-

1. Criteria for Determining Qualifications, positive attributes and Independence of a Director.
2. Remuneration Policy for Directors, KMP & other Employees.

PART-A

CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES AND INDEPENDENCE OF A DIRECTOR

(Pursuant to Section 178 (3) of the Companies Act 2013)

INTRODUCTION

The Board shall comprise of individuals who have demonstrated significant achievements in business, education, professions, financial sector and public service. They must have the requisite intelligence, education and experience to make a significant contribution to the deliberations of the Board of Directors.

I. QUALIFICATION CRITERIA

The Nomination and Remuneration Committee of the Board (the “Committee”) is responsible for evaluating the qualifications of each director candidate and of those directors who are to be nominated for election by shareholders at each annual general meeting, and for recommending duly qualified director nominees to the full Board for election.

The overall ability and experience of individual candidates should determine their suitability. The qualification criteria set forth herein to describe the qualities and characteristics are desired for the Board as a whole and for Board members individually.

A. Director Qualification Review Procedure

The Board shall determine the director’s qualifications to serve on the Board, upon the recommendation of the Committee, prior to nominating said director for election at the Company’s next annual general meeting.

In addition, with respect to each director candidate considered for election to the Board between annual meetings, prior to such election, the Committee shall evaluate each director candidate and recommend to the Board any duly qualified director candidates for recommendation by the Board. The Director candidate shall be evaluated by the Committee as per the criteria set forth herein.

B. General Director Qualification Criteria

The Board has not established specific minimum age, education, years of business experience or specific types of skills for Board members, but, in general, expects a candidate to have extensive experience and proven record of professional success, leadership and the highest level of personal and professional ethics, integrity and values. In its evaluation, the Committee shall consider the Board size and composition of the Board according to the following guidelines: –

With respect to Board composition as a whole and the Board Committees, the required number of directors who qualify as “independent” pursuant to applicable rules and the Independence Standards as per the provisions of Companies Act, 2013 and the Listing Agreement with the Stock Exchanges (as may be amended from time to time) shall be maintained.

C. Additional Review Criteria

The Committee shall also consider the personal qualities of each director candidate to be able to make a substantial active contribution to Board deliberations. The director candidate must be willing to commit, as well as have, sufficient time available to discharge the duties of Board membership.

The director candidate should be able to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company. The Committee shall also consider its policies with respect to retirement age, change in employment status, as well as all other relevant facts and circumstances in making its recommendations to the Board.

II. CRITERIA FOR BOARD MEMBERSHIP

Directors

The Company shall take into account the following points:

- Director must have relevant experience in Finance/ Law/ Management/ Sales/Marketing/ Administration/ Research/ Corporate Governance/ Technical Operations or the other disciplines related to company's business.
- Director should possess the highest personal and professional ethics, integrity and values.

- Director must be willing to devote sufficient time and energy in carrying out their duties and responsibilities.
- Any person to be appointed as Director shall not possess the disqualifications contained in Section 164 (1) of the Companies Act, 2013 viz.:-
 - ❖ He/she shall not be less than 21 years of age.
 - ❖ He/she shall not be of unsound mind nor stand so declared by a competent court.
 - ❖ He/she shall not be an undischarged insolvent.
 - ❖ He/she has not applied to be adjudicated as an insolvent and his/her application is pending.
 - ❖ He/she has not been convicted of an offense, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence.

Independent Director

An Independent Director shall comply with the criteria laid down in Clause 49 (as amended) of the Listing Agreement with the Stock Exchanges. An Independent Director shall also meet all criteria specified in Section 149(7) of the Companies Act, 2013 and rules made thereunder. Further, the Independent Director shall adhere to the Code of Ethics for Independent Directors adopted by the Company.

III. INDEPENDENCE STANDARDS

The following would be the independence review procedure and criteria to assist the Committee evaluate the independence of Directors for recommending to the Board for appointment. A Director is independent if the Board affirmatively determines that the Director does not have a direct or indirect material relationship with the Company, including its affiliates or any member of senior management.

“Affiliate” shall mean any company or other entity that controls, is controlled by, or is under common control with the Company. Also, the candidate shall be evaluated based on the criteria provided under the applicable laws including Companies Act, 2013 read with Rules thereon and the Listing Agreement with the Stock Exchanges.

IV. INDEPENDENCE REVIEW PROCEDURES

1. Annual Review

The director’s independence for the independent director will be determined by the Board on an annual basis upon the declarations made by such Directors as per the provisions of the Companies Act, 2013 read with Rules thereon and the Listing Agreement.

2. **Individual Director Independence Determinations**

If a director nominee is considered for appointment to the Board between annual general meetings, a determination of independence, upon the recommendation of the Committee, shall be made by the Board prior to such appointment. All determinations of independence shall be made on a case-by-case basis for each director after consideration of all the relevant facts and circumstances and the standards set forth herein. The Board reserves the right to determine that any director is not independent even if he or she satisfies the criteria set forth by the provisions of the Companies Act, 2013 read with Rules thereon and the Listing Agreement.

3. **Notice of Change of Independent Status**

Each director has an affirmative obligation to inform the Board of any change in circumstances that may put his or her independence at issue.

PART-B

REMUNERATION POLICY FOR DIRECTORS, KMP & OTHER EMPLOYEES

(Pursuant to Section 178 (4) of the Companies Act 2013)

NON-EXECUTIVE DIRECTORS (NEDs)

The Non-Executive / Independent Director may receive sitting 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. But currently no sitting fee is being paid to any of Non-Executive Directors for attending the meetings of the Board and / or committee thereof by them. However, the same may be paid in pursuance to the provisions of the Articles of Association and/or the Companies Act, 2013.

MANAGING DIRECTOR AND KEY MANAGERIAL PERSONNEL & OTHER EMPLOYEES

The objective of the policy is directed towards having a compensation structure that will reward and retain talents.

- The Remuneration to Managing Director shall take into account the Company's overall performance, MD's contribution for the same & trends in the industry in general, in a manner which will ensure and support a high performance culture.

- Pursuant to the provisions of the Companies Act 2013, Managerial Personnel, KMP, Senior Management and an employee may be entitled to any Employee Stock Options (ESOPs) of the Company as and when decided by the Board and Shareholders.
- The Remuneration to others will be such as to ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- Remuneration to Directors, Key Managerial Personnel and Senior Management will involve a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- The above criteria and policy are subject to review by the Nomination & Remuneration committee & the Board of Directors of the Company.

REMUNERATION POLICY

The Nomination & Remuneration Committee is fully empowered to determine/approve and revise, subject to necessary approvals, the remuneration of managerial personnel including Whole-time Director and Managing Directors after taking into account the financial position of the Company, trend in the industry, qualifications, experience, past performance and past remuneration, etc.

Nomination and Remuneration Committee shall recommend the remuneration, including the commission based on the net profits of the Company for the Non-Executive Directors. Such commission will be approved by the Board and shareholders in accordance with the provisions of the Act. Prior approval of shareholders will be obtained wherever applicable in case of remuneration to non-executive directors.

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and variable pay to Managing/Whole-time/Executive Directors. Salary is paid within the range approved by the Shareholders of the Company. Annual increments effective April 1 onwards each year, 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 Nomination and Remuneration Committee.

The remuneration paid to Managing/Whole-time/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.

Independent Non-Executive Directors are appointed for their professional expertise in their individual capacity as Independent professionals. No sitting fee is being paid to any of Non-

Executive Directors for attending the meetings of the Board and / or committee thereof by them.

AMENDMENT TO THE POLICY

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. 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, circular(s) etc.

DISCLOSURE

The details of this Policy and the evaluation criteria as applicable shall be disclosed in the Annual Report as part of Board's Report therein or alternatively the same may be put up on the Company's website and reference drawn thereto in the Annual Report.

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.
