

VANAZ ENGINEERS LIMITED

NOMINATION AND REMUNERATION POLICY

1. PREAMBLE

- a) Vanaz Engineers Limited (the '**Company**') recognizes the importance of attracting, retaining and motivating personnel of high calibre and talent for the purpose of ensuring efficiency and high standard in the conduct of its affairs and achievement of its goals besides securing the confidence of the shareholders in the sound management of the Company. For the purpose of attaining these ends, the Company has constituted a Nomination and Remuneration Committee which is entrusted with the task of devising a transparent, reasonable and fair policy of remuneration for its directors, Key Managerial Personnel (if any) and other employees.
- b) The provisions of Section 178 of the Companies Act, 2013 and Rule 6 of The Companies (Appointment and Qualification of Directors) Rules, 2014, makes it mandatory for the Board of Directors of every public company covered under Rule 4 of The Companies (Appointment and Qualification of Directors) Rules, 2014 to constitute a Nomination and Remuneration Committee.
- c) The objectives of the Nomination and Remuneration Committee is to assist the Board of Directors of the Company in fulfilling its responsibilities to shareholders by:**
- ensuring that the Board of Directors is comprised of individuals who are best able to discharge the responsibilities of directors in consonance with the Companies Act, 2013.
 - ensuring that the nomination processes and remuneration policies are equitable and transparent.
- d) The responsibilities of the Nomination and Remuneration Committee include :**
- Identifying persons who are qualified to become directors and lay down criteria to senior management, recommend the Board for their approval and/or removal and shall carryout evaluation of every director's performance.
 - To recommend to the Board for appointment and removal of Key Managerial Personnel (if any), Senior Management.
 - To formulate the criteria for determining qualifications, positive attributes and independence of Director(s).

- To recommend to the Board a policy, relating to the remuneration to the directors, Key Managerial Personnel (if any) and other employees.
- e) This Nomination and Remuneration Policy has been formulated with a view to:**
- devise a transparent system of determining the appropriate level of remuneration for the directors, Key Managerial Personnel (if any) and senior management personnel.
 - encourage directors, Key Managerial Personnel (if any) and senior management personnel to perform to their highest level;
 - provide consistency in remuneration for the directors, Key Managerial Personnel (if any) and senior management.
- f) The Nomination and Remuneration Policy elucidates the types of remuneration to be offered by the Company and factors to be considered by the Board of Directors of the Company, Nomination and Remuneration Committee and management of the Company in determining the appropriate remuneration policy for the Company.

2. DEFINITIONS

Some of the key terms used in the Nomination and Remuneration Policy are as under:

'Board' means the Board of Directors of Vanaz Engineers Limited or the Company.

'Committee' means the Nomination and Remuneration Committee constituted by the Board of Directors of the Company in accordance with the provisions of Section 178 of the Companies Act, 2013.

'Director' means a director appointed on the Board of the Company including executive; non-executive; and independent directors.

'Key Managerial Personnel' includes managing director, or Chief Executive Officer or Manager and in their absence, a Whole-Time Director; Company Secretary; and Chief Financial Officer, as may be appointed by the Company from time to time.

'Member' means a director of the Company appointed as member of the Committee.

'Nomination and Remuneration Policy' shall mean the policy of remuneration of directors, Key Managerial Personnel (if any) and senior management personnel of the Company

determined by the Nomination and Remuneration Committee.

'**Senior management**' shall mean personnel of the company who are members of its core management team excluding Board of Directors this comprising all members of management one level below Executive Directors, including the functional head.

3. NOMINATION AND REMUNERATION COMMITTEE

The Committee shall be formed by the Board of the Company. It shall consist of three or more non- executive directors out of which not less than one-half shall be independent directors. The Board of the Company shall nominate directors as Members of the Committee from time to time.

4. LETTER OF ENGAGEMENT OR CONTRACT OF EMPLOYMENT

Non-executive independent directors shall enter into a letter of engagement with the Company, the terms and conditions of which shall be approved by the Board. The letter of engagement shall set forth the terms and conditions of the engagement, the performance expectations for the position, the remuneration package and added incentives for the director, if any, the availability of the latter being contingent upon fulfillment of certain expectations of the Company measured by benchmarks of performance defined by the Company.

Executive directors and Key Managerial Personnel (if any) shall enter into a contract with the Company clearly setting out the terms and conditions of the remuneration package for such person. The contract of employment shall set out the expectations for the performance, the key performance indicators, measures and criteria for assessment or evaluation of performance.

The Committee and the Board must approve the terms and conditions of employment for the Executive Directors and the Key Managerial Personnel (if any) at the time of their appointment and re- appointment.

The Company shall pay remuneration to the senior management personnel taking into account their roles and responsibilities.

The Board shall disclose the terms and conditions of employment of the executive directors and Key Managerial Personnel (if any) in accordance with the law, if necessary.

5. REMUNERATION STRUCTURE

REMUNERATION TO MANAGING /EXECUTIVE DIRECTORS, KEY MANAGERIAL PERSONNEL (IF ANY) AND SENIOR MANAGEMENT:

The Board shall, in consultation with the Committee approve and finalize the form of remuneration to be offered to Executive Directors, Key Managerial Personnel (if any) and senior management. The remuneration package shall be composed of amounts that are fixed and may include a variable Component and the endeavour of the Board and the Committee shall be to strike a balance between the fixed and variable components and thereby promote sustainable value for the Company and its shareholders over time.

Fixed Remuneration

The contract of employment entered into by the executive directors and Key Managerial Personnel (if any) with the Company shall demarcate a fixed gross monthly or annual salary or base salary payable to them. The fixed remuneration or salary shall be determined according to complexities of the position and role of the Executive Directors and Key Managerial Personnel (if any). The relevant laws and regulations, conditions prevalent in the labour market and the scale of the business relating to the position. The fixed remuneration will reflect the core performance requirements and expectations of the Company.

Performance Based Remuneration or Incentive-Based Payments

The Board in consultation with the committee may pay performance based incentive payment to the directors. The performance-based or incentive-based payments shall form part of the variable component of the salary payable to them.

Benefits to Executive Directors, Key Managerial Personnel (if any) & senior management personnel

The Company shall comply with all legal and industrial obligations in determining the benefits available to executive directors, Key Managerial Personnel (if any) & senior management personnel, namely short-term benefits such as salaries, social security contributions, and post-employment benefits such as gratuity, pension retirement benefits etc.

REMUNERATION TO NON-EXECUTIVE DIRECTORS

The remuneration to the non-executive directors be paid by way of Sitting Fees for each of the

Board and Committee meeting attended by them and commission.

6. DISCLOSURES:

The Nomination and Remuneration Policy shall be disclosed in the Board's report of the Company prepared in accordance with sub-section (3) of section 134 of the Companies Act, 2013, if the Company meets the criteria provided in Rule 8 of The Companies (Accounts) Rules, 2014.

The Nomination and Remuneration Policy and the criteria for evaluation of performance or evaluation criteria as laid down by the Committee shall be disclosed in the Annual Report of the Company.

Payments to non-executive directors shall be disclosed in the Annual Report of the Company.

7. REVIEW AND IMPLEMENTATION

The Committee shall conduct an evaluation of performance for all the directors as per the provisions of the Companies Act, 2013 on an annual basis to monitor and review, and if necessary, revise the appropriateness of each remuneration package.

The Committee shall be responsible for monitoring the implementation of the Nomination and Remuneration Policy, conducting a review of the same from time to time and advising the Board on the mode of revision of the policy.

8. AMENDMENT

The Committee reserves the right to amend or modify the Nomination and Remuneration Policy in whole or in part, at any time and recommend the same to the Board of Directors for their approval.