



Nomination and Remuneration Policy

Megha Engineering & Infrastructures Limited

An ISO 9001-2015 Company CIN: U45202TG2006PLC050271

Registered Office: S-2, Technocrat Industrial Estate, Balanagar, Hyderabad , Telangana - 500 037, India
Ph: +91 - 40- 44336700 | Fax: +91 - 40 - 44336800. Email: info@meil.in Website: [https:// www.meil.in](https://www.meil.in)

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Target Readers

- | | |
|---|---|
| <ul style="list-style-type: none"> 1. Chairman 2. Managing Director 3. Directors | <ul style="list-style-type: none"> 3. Key Managerial Personnel 4. Senior Management Personnel 5. other employees |
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Organisation Applicability

All Companies of MEIL Group

Signatures

Prepared by Dy Manager-HR	Verified by Head Contracts & Legal	Approved by CCO & VP-HR

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1.0 Preamble

- 1.1 Pursuant to Section 178 of the Companies Act, 2013 (“the Act”), the Board of Directors of every public company having a paid up share capital of Rs. 10 Crores or more; or turnover of Rs. 100 Crores or more; or having in aggregate outstanding loans or borrowing or debentures or deposits exceeding Rs. 50 Crores or more, as existing on the date of last audited Financial Statements, shall constitute a Nomination and Remuneration Committee. In order to align with the provisions of the Companies Act, 2013, the Board of Directors of Megha Engineering & Infrastructures Limited (“MEIL” or “the Company”) at its meeting held on June 24, 2014, has considered and renamed the “Remuneration Committee” as “Nomination and Remuneration Committee” and modified its terms of reference. This Committee and the Policy is formulated in compliance with Section 178 of the Companies Act, 2013 (“the Act”) read along with the applicable rules thereto.

2.0 Objectives

- 2.1 The Key Objectives of the Nomination and Remuneration Committee (“NRC” or “the Committee”) are:
- 2.1.1 To guide the Board in relation to appointment and removal of the Directors, Key Managerial Personnel and Senior Management Personnel and other employees of the Company;
 - 2.1.2 To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation;
 - 2.1.3 To recommend to the Board a policy relating to Remuneration payable to the Directors, Key Managerial Personnel (“KMP”) and Senior Management Personnel & other employees (“SMP”) of the Company; and
 - 2.1.4 The Committee has discretion to decide the adequacy of qualification, expertise and experience for the concerned position.
- 2.2 The Nomination and Remuneration Policy (“This Policy” or “the Policy”) ensures that:
- 2.2.1 The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the Directors, KMP and SMP of the quality required to run the Company successfully;
 - 2.2.2 Relationship of remuneration to performance is clear and meets appropriate performance benchmark; and
 - 2.2.3 Remuneration to the Directors, KMP and SMP 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.

3.0 Scope

- 3.1 This policy is applicable to the Directors, KMP and SMP of the Company; and
- 3.2 This Policy sets out the guiding principles for the Committee for recommending to the Board the nomination and remuneration of the Directors, KMP and SMP of the Company.

4.0 Definitions

- 4.1 In this Policy, the following terms shall have the following meanings:
- 4.1.1 **“Board”**, means the Board of Directors of the Company;
 - 4.1.2 **“Company”** means “Megha Engineering & Infrastructures Limited”
 - 4.1.3 **“Director”** means a director appointed by the Board of the Company; *[Directors of MEIL are in the Level of “Top Management” as per MEIL Group Pay Grade Matrix].*
 - 4.1.4 **“Employees’ Stock Option”** means the option given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.
 - 4.1.5 **“Independent director”** means an independent director referred to in sub-section 6 of section 149 of the Act.
 - 4.1.6 **“Whole-time Director”** includes a director in the whole-time employment of the Company;
 - 4.1.7 **“Key Managerial Personnel” or “KMP”** means Key Managerial Personnel of the Company in terms of the Act and the Rules made thereunder.
(As per Section 203 of the Companies Act, 2013, the following are whole-time Key Managerial Personnel:
 - i. Managing Director or Chief Executive Officer or the Manager and in their absence a whole-time Director;*
 - ii. Company Secretary; and (iii) Chief Financial Officer.)*
 - 4.1.8 **“Nomination and Remuneration Committee”** shall mean a Committee of the Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act.
 - 4.1.9 **“The Policy or This Policy”** means, “Nomination and Remuneration Policy.”
 - 4.1.10 **“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.
 - 4.1.11 **“Senior Management”** means personnel of the Company as per MEIL Group Pay Grade Matrix, who are members of its core management team excluding Board of Directors. This would include all the members of the management one level below the executive directors, including all the functional heads.
- 4.2 Interpretation
- 4.2.1 Words and expressions used in this Policy shall have the same meanings assigned to them in the Companies Act, 2013 or the rules framed thereon.

5.0 Role of Nomination and Remuneration Committee

- 5.1 To identify persons who are qualified to become directors and who may be appointed as KMP and SMP in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of the Board, its committee and individual directors to be carried out either by the Board, by the NRC or by an independent external agency and review its implementation and compliance and shall carry out evaluation of every director's performance;
- 5.2 To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the appointment with remuneration and removal of the directors, KMP and SMP;
- 5.3 To formulate the criteria for evaluation of individual Directors (including the Independent Directors) and the Board. To carry out evaluation of the annual performance of the Directors (including the Independent Directors) on the Board at such intervals as may be considered necessary, subject to schedule IV of the Act;
- 5.4 To ensure that the Board comprises of a balanced combination of Executive Directors and Non-Executive Directors;
- 5.5 To take into consideration and to ensure the compliance of the provisions under Schedule V of the Act for appointing and fixing remuneration of the Managing Directors / Whole-time Directors / Managers (if any);
- 5.6 While approving / recommending the remuneration of the Directors, KMP and SMP, the Committee shall take into account financial position of the Company, trend in the industry, qualification, experience and past performance of the appointee;
- 5.7 The Committee shall be in a position to bring about objectivity in determining the remuneration package while striking the balance between the interest of the Company and the shareholders.

6.0 Policy

6.1 Nomination of Directors / KMP / SMP

6.1.1 Nomination and Remuneration Committee, inter-alia, considers adequate qualification, personal attributes, areas of expertise and number of Directorships and Memberships held in various committees of other companies by such person for selection. The Board considers the recommendation of the Committee and take appropriate decisions. The Company also considers the requirement of skills and effectiveness of persons contributing to the Company's business and policy decisions.

6.2 Remuneration to the Directors, KMP and SMP

- 6.2.1 The remuneration of the Directors / Whole-time Directors and KMP will be governed as per the provisions contained in the Act and Rules made therein from time-to-time;
- 6.2.2 Independent Director and / or Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof as approved by the Board of Directors from time-to-time. They shall also be entitled to profit related Commission, if approved by the Board, in

addition to the sitting fees, as per the Act. However, the Independent Director shall not be entitled to any stock options (if any) of the Company;

6.2.3 The Board, on the recommendation of the Nomination and Remuneration Committee, shall review and approve the remuneration payable to the Directors/KMP as per position value and industry trends. The remuneration to the SMP of the Company, shall be governed by the HR policy of the Company;

6.2.4 The remuneration structure shall include the following components:

- a. Basic Pay
- b. Other salary components such as HRA, Conveyance Allowance, Education Allowance, Medical Reimbursement, Uniform Allowance, Servant Allowance, Other Allowance
- c. Annual Benefits such as LTA and Ex-gratia
- d. Other Benefits such as Medical Insurance, Car Reimbursement Allowance as per Policy (including driver salary)
- e. Variable Pay such as Performance Bonus/Incentive

And the aforesaid remuneration structure may be modified as per the HR policy of the Company, subject to the provisions of the applicable statutes.

6.2.5 The Annual Plan, Objectives, financial results of the Company shall be reviewed by the Nomination and Remuneration Committee and Performance Bonus / Incentive, performance based increments, and market correction in remuneration, etc. will be proposed based on the achievements.

6.3 Disclosure of Policy

6.3.1 The Company shall disclose the Nomination and Remuneration Policy in the Board's Report. The terms of appointment of Independent Director shall be displayed on the website of the Company.

6.4 Retention Features as part of Compensation Package

6.4.1 Based on Organizational needs for retaining performing employees in key roles, certain retention features may be rolled-out as a part of overall compensation package. These may take form of Retention Bonus, Special Monetary Programs, Long-term Incentives, etc. (as per HR Policy of the Company).

6.5 Retirement and Removal of Directors and KMP and SMP

6.5.1 The Director, KMP and SMP shall retire as per the applicable provisions of the Act and prevailing HR policy of the Company;

6.5.2 Should the Board decide, it will have the discretion to retain the Director in the same position / remuneration or otherwise even after attaining the retirement age, in the interest and for the benefit of the Company subject to necessary approvals required under the applicable laws, if any;

6.5.3 Due to reasons for any disqualification mentioned in the Act or Rules made thereunder or under any other applicable laws, rules and regulations, the

NRC may recommend to the Board with reasons recorded in writing, removal of a Director, KMP, subject to the provisions and compliance of the applicable laws, rules and regulations;

- 6.5.4 Extension of the term of appointment of a KMP and SMP (excluding those at Board Level) beyond retirement age, will be decided by the Managing Director;
- 6.5.5 The proposal for removal of any KMP and SMP shall be put forth by the Committee in line with the provisions of the terms of appointment and will be decided by the Managing Director.

7.0 Miscellaneous

- 7.1 In respect of any policy matters relating to the KMP, the Committee may delegate any of its powers to one or more Company representatives occupying Senior Management Level Position;
- 7.2 The Company shall familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc., through various programs;
- 7.3 Any amendment or modification in applicable laws relating to the NRC or this policy, shall automatically be applicable to the Company. However, the Company may review this policy once in 4 years as per its business requirements;
- 7.4 This policy is applicable to the Directors (Executive, Non-Executive and Independent), KMP, SMP, and other employees as may be decided by the Committee.

The Company reserves the right to amend/modify/rescind/withdraw at any time without assigning reasons, subject to the approval of the NRC and Board.
