

ArMee Infotech Limited

NOMINATION AND REMUNERATION POLICY

**(Approved by the Board of Directors of the Company in
their Board Meeting dated 3rd May 2024)**



I. INTRODUCTION:

This Nomination and Remuneration Policy for the Directors, Key Managerial Personnel and Senior Management Personnel is being formulated in compliance with Section 178 of the Companies Act, 2013 (the Act) read along with the applicable rules thereto and Regulation 19 Securities and Exchange Board of India (SEBI) (Listing Obligation and Disclosures Requirements) Regulations, 2015 (Listing Regulations) as amended from time to time, by the Nomination and Remuneration Committee (NRC or the Committee) of Armee Infotech Limited (the Company) and has been approved by the Board of Directors of the company (the Board) in their meeting.

II. OBJECTIVE:

The Nomination and Remuneration Committee and this Policy are to ensure compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 of Listing Regulations.

The key objectives of the Committee would be:

- i. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- ii. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation by the Board.
- iii. To recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- iv. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance and achievement relating to the Company's operations.
- v. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial personnel and create competitive advantage.
- vi. To devise a policy on Board diversity

III. CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE:

- i. The Committee shall consist of atleast three non-executive directors, with atleast 2/3rd being independent;
- ii. The quorum for a meeting of the nomination and remuneration committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance;
- iii. The Chairperson of the Committee shall be an Independent Director;
- iv. The Chairman of the Company may be appointed as a member of the Committee but shall not Chair the Committee;



- v. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman;
- vi. The committee shall meet at least once in a year;
- vii. The Chairperson of the Committee may be present at the annual general meeting, to answer the shareholders' queries; however, it shall be up to the chairperson to decide who shall answer the queries;
- viii. The Board has the power to constitute/ reconstitute the Committee from time to time in line with the requirements under the Companies Act, 2013 ("Act") and Regulation 19 of Listing Regulations.

The Nomination and Remuneration Committee of the company consists of three non-executive Independent Directors.

The board has authority to reconstitute this Committee from time to time.

IV. DEFINITIONS:

"Listing Regulations" means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

"Act" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

"Board" means Board of Directors of the Company.

"Directors" means Directors of the Company.

"Key Managerial Personnel" (KMP) means key managerial personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013;

"Senior Management Personnel" (SMP) shall mean officers/personnel of the company who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include Company Secretary and Chief Financial Officer.

Words and expressions used and not defined in this Policy shall have the same meaning assigned to them in the Listing Regulations, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Act and rules and regulations made thereunder.



V. ROLE / TERMS OF REFERENCE OF COMMITTEE:

The Committee constituted by the Board leads the process for appointment and remuneration of directors and KMP in accordance with the requirements of the Act, Listing Regulations and other applicable regulations / guidelines. All the board appointments are based on merits.

The role / terms of reference of the Committee identified by the Board are as follows:

- a) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- b) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- c) devising a policy on diversity of board of directors;
- 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 of directors their appointment and removal;
- e) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- f) Recommend to the board, all remuneration, in whatever form, payable to senior management.

VI. APPOINTMENT AND REMOVAL OF DIRECTORS, KMPS AND SENIOR MANAGEMENT:

a) Appointment criteria and qualifications

- The Committee shall identify and ascertain the integrity, qualification, expertise experience, personal and professional ethics, standing, value and character, appreciation of the Company's vision, mission, values, professional skill, knowledge and expertise, financial literacy and such other competencies and skills as maybe considered necessary of the candidate proposed for appointment as Director, KMP or SMP and recommend to the Board his/her appointment.
- The candidate shall possess adequate qualification, expertise and experience for the position he/she is considered for appointment.



- The appointment of any Whole-Time Director/KMP/SMP shall also be governed by the prevailing employment policies of the Company.
- Further, the SMPs to be appointed and removed/relieved with the authority of Managing Director & CEO and HR. The selection and removal would be based on the evaluations done during the selection /search process and would cover such parameters like: qualifications, positive attributes, experiences, etc. as per the company policy prevailing at the time of selection. The decision may also be based on conditions as best suitable for the business in accordance with statutory conditions as may be applicable from time to time.
- A Whole-Time KMP of the Company shall not hold office in more than one Company except in its subsidiary company at the same time. However, a Whole-Time KMP can be appointed as a Director in any company subject to the same being intimated to the Board or being in accordance with the policy of the Company
- In addition to the above, the candidature of an independent director is also evaluated in terms of the criteria for determining independence as stipulated under Companies Act, 2013 and other applicable regulations or guidelines. The board shall re-assess determinations of independence when any new interests or relationships are disclosed by a director.
- The Company shall not appoint or continue the employment of any person as Whole-time Director who is below the age of twenty-one years or 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 based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

b) Term / Tenure

(i) Managing Director / Whole Time Director

The Company shall not appoint or re-appoint any person as its Managing Director / Whole Time Director for a term exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

(ii) Independent Director

- 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.



- 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.

- 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/Managing Director of a listed company or such other number as may be prescribed under the Act / Listing Regulations.

(iii) Evaluation Mechanism

The Independent Directors shall review the performance of non-independent directors and the Board as a whole and also review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors.

The Committee shall carry out evaluation of every director's performance.

The Board shall carry out evaluation of its own performance and the performance evaluation of directors including independent directors and the committees of the Board.

The evaluation of independent directors shall be done by the entire board of directors which shall include –

- (a) performance of the directors; and
- (b) fulfillment of the independence criteria as specified in these regulations and their independence from the management:

Provided that in the above evaluation, the directors who are subject to evaluation shall not participate.

The Board shall consider the Guidance Note on Board evaluation issued by SEBI for the purpose of evaluation.

(iv) 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 any Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, in the best interest of the Company following the compliance with applicable laws.

(v) Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable 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 act, rules and regulations.

VII. POLICY RELATING TO THE REMUNERATION FOR DIRECTORS, KMPs AND SENIOR MANAGEMENT:

A. Remuneration to Directors:

- i. The Whole Time/ Executive/Managing Director/CEO/Manager (if any) shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee.
- ii. The Committee shall recommend the remuneration, including the commission based on the net profits of the Company for the executive directors. Such remuneration will be approved by the Board and shareholders, as may be required, in accordance with the provisions of the Act.
- iii. The Nomination and Remuneration Committee shall recommend to the Board, remuneration by way of salary, perquisites and allowances (fixed component) to the managing director, the whole-time director, the executive directors, the chief executive officer and other members of the Board.
- iv. The remuneration to be paid to the managing director, the whole-time director, the executive directors, the chief executive officer and other members of the Board shall be determined keeping in view the relative performance of the Company to the industry performance and individual performance and shall be subject to approval of appropriate authorities, as and when required. The breakup of the pay scale and quantum of perquisites including but not limited to medical allowance, conveyance allowance, other allowances and such other payments in the nature of perquisites, benefits and allowances to be approved by the Board/ the Person authorised by the Board on the recommendation of the Committee and approved by the Shareholders and Central Government, wherever required.



- v. The Committee may at its discretion, structure any portion of remuneration to link rewards to corporate and individual performance, fulfilment of specified improvement targets or the attainment of certain financial or other objectives set in this regard.
- vi. 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 or as laid down as per the provisions of the Act.
- vii. If any Whole-time / Executive / Managing 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 of the Central Government, 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 Central Government.
- viii. **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 / Executive / Managing Director in accordance with the provisions of Section 197 of the Act and Schedule V to the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.
- ix. **Provisions for excess remuneration:**

If any Whole-time / Executive / Managing 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 of the Central Government, 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 Central Government.
- x. **Criteria for making Payment to Non- Executive / Independent Directors:**
 - Non-Executive/Independent Directors shall be paid such remuneration by way of sitting fees for attending the meetings of the Board as maybe decided by the board from time to time.
 - The sitting fees proposed to be paid to the Non-Executive/Independent Directors is ₹ 40,000/- per meeting of the Board.



- The sitting fees proposed to be paid to the Non-Executive/Independent Directors is ₹25,000/- to each Independent Director of the Company for attending each meeting of audit committee and ₹20,000/- to each Independent Director of the Company for attending each meeting of the other Board Committees.
- No sitting fees is paid to the Directors who are full-time employees of the company. Non-Executive/Independent Directors shall not be entitled to any Bonus during the appointment and no entitlement to participate in any employee stock option scheme operated by the Company or any Group Company.
- Non-Executive/Independent Directors may receive reimbursement of expenses for participation in the Board and other meetings and profit related commission as may be approved by the members.

B. Key Managerial Personnel and Senior Management Personnel

- i. The remuneration for KMPs – CFO and CS will be proposed by the Board to the committee consistent with the strategy of the Company and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.
- ii. The remuneration for SMPs may be proposed by the Nomination and Remuneration Committee and approved by the Board based on the parameters such as industry practice, qualification, experience, merits, company performance etc. as per the prevailing policy of the company. The committee shall be updated about the same from time to time.
- iii. The Nomination and Remuneration Committee may recommend to the Board, compensation and incentive based compensation as well as employees' stock option scheme, employee stock option plan of Key Managerial Personnel, Senior Management and other employees of the Company based on their evaluation of performance. The Company may provide loan and advances to its employees as per its internal policy as amended from time to time.
- iv. The Incentive pay shall be decided based on the balance between performance of the Company and performance of the KMPs and SMPs to be decided annually or at such intervals as may be considered appropriate. The committee shall be updated about the same from time to time.



VIII. EVALUATION/ASSESSMENT OF THE PERFORMANCE OF BOARD OF DIRECTORS, ITS COMMITTEES AND INDIVIDUAL DIRECTORS:

The evaluation/assessment of the Board of Directors, its Committees and individual directors is to be conducted on an annual basis.

- I. The following criteria may assist in determining how effective the overall performance of the Board and its committees as a whole have been:
 - a. Size, structure, composition and expertise of the Board and its Committees
 - b. Frequency of Meetings is adequate
 - c. Whether the board & its committee's functions effectively and perform its duties as prescribed under the law and as per terms of reference?
 - d. The board ensures that proper accounting and financial reporting systems are in place and proper internal audit and independent audit system is in place and review the same from time to time (at least on quarterly basis).
 - e. Monitoring the company's internal controls and compliance with applicable laws and regulations.
 - f. How well the board and its committees are working in the interests of all the stakeholders of the company?
 - g. The board has appropriate combination of industry knowledge and diversity (gender, experience, background).
 - h. The Board understands the legal requirements and obligations under which they act as a Board; i.e. Companies Law, SEBI laws, corporate governance requirements etc. discharge their functions accordingly.
 - i. Defining the strategic and operational roadmap for the Company as a whole and guiding individual functions.
 - j. All proceedings and resolutions of the Board and its committees are recorded accurately, adequately and on a timely basis.

Additional criteria for evaluation the overall performance of the committees:

- a. The Committee is comprised of optimum number of members.
 - b. The Committee is comprised of competent members
 - c. The Committee reports back to the Board as it should on all the relevant issues.
 - d. The Committee is effective in carrying out its mandate and make collective judgments about important matters
- II. The following criteria may assist in determining how effective the overall performance of Individual Directors have been:
 - a. Attendance and Participation at the Board and Committee Meetings.
 - b. Integrity and Maintaining Confidentiality



- c. Effective deployment of Knowledge and Expertise
- d. Interpersonal Relationships with other Directors and Management
- e. Acting in good faith and interest of Company as a Whole
- f. Assist the Company in implementing the good corporate governance practices
- g. Contributes to strategy and relevant aspects impacting company's performance
- h. protect the interests of all stakeholders and balance the conflicting interest of the stakeholders
- i. Adherence to Internal Policies and Procedures.

Additional criteria for evaluation the overall performance of Independent Directors:

- a. Independent from the company and the other directors and there is no conflict of interest
- b. Exercises his/ her own Independent judgement and voices opinion freely in the best interest of the company
- c. Adherence to the code of conduct for independent directors.

IX. AMENDMENTS:

This policy shall be reviewed by the Committee as and when required and placed before the Board of Directors of the Company for approval. Any subsequent amendment / modification in the Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.



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