



# **NOMINATION AND REMUNEERATION POLICY**

## **AIRFLOA RAIL TECHNOLOGY LIMITED**

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## **NOMINATION AND REMUNEERATION POLICY**

### **1. Introduction:**

The Securities and Exchange Board of India (SEBI) on 2<sup>nd</sup> September 2015 issued the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the “Regulations”) with the aim to consolidate and streamline the provisions of listing agreements thereby ensuring better enforceability and bringing the basic framework governing the regime of Listed Entities in line with the Companies Act, 2013 and at the same time compiling all the mandates of varied SEBI Regulations/Circulars.

In terms of Section 178 of the Companies Act, 2013 the Company was required to constitute the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half shall be independent director.

Sub Section-3 of Section-178 requires the Nomination and Remuneration 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.

### **2. Objective:**

The objective of this Policy is to set forth the criteria towards ascertaining Material Subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

### **3. MEMBERSHIP**

The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent. Minimum two members or one third of the members of the Committee whichever is greater, shall constitute a quorum for the Committee meeting. The members of the Committee shall be appointed or removed by the Board of Directors.

### **4. CHAIRMAN**

The Chairman of the Committee shall be an independent director. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman. The Chairman of the Committee could be present at the Annual General Meeting of the Company to answer shareholders queries or may nominate some other member to answer the shareholders’ queries. However, the Chairman of the Board shall decide who would answer the queries.

### **5. TERM OF REFERENCE**

- i) To formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- ii) Formulation of criteria for evaluation of Directors;
- iii) Devising a policy on Board Diversity
- iv) While formulating the remuneration policy, to ensure that-
  - 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;
  - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - 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.

- v) Identifying the person who is qualified to become a Director or senior managers in accordance with criteria let down and recommend to the Board their appointment and removal. The Company shall disclose remuneration policy and evaluation criteria in its annual reports.
- vi) To have relevant experience of contributions to the deliberations of the Board and Corporate Governance

## **6. SELECTION OF NEW DIRECTORS**

Factors to be considered when reviewing a potential candidate for Board appointment include without limitation:

- To have relevant experience in Finance/ Law/ Management/ Sales/Marketing/ Administration/ deliberations of Board/Corporate Governance or the other disciplines related to company's business.
- The capability of the candidate to devote the necessary time and commitment to the role. This involves a consideration of matters such as other Board or executive appointments; and
- Potential conflicts of interest, and independence.

## **7. CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES & INDEPENDENCE OF DIRECTOR**

### **i) Qualifications of Independent Director:-**

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, operations or other disciplines related and beneficial to the company's business.

### **ii) Positive attributes of Independent Directors:-**

An independent director shall be a person of integrity, who possesses relevant expertise & experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the company in implementing the best corporate governance practices.

### **iii) Independence of Independent Directors:-**

An Independent director should meet the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, concerning independence of directors.

## **8. POLICY ON BOARD DIVERSITY**

The Company should endeavour to have mix of Directors with experience in diverse field's viz. Finance, Law, Management, Sales and Marketing, Technical, Administration, Corporate Governance, factory operations and other discipline related and beneficial to the Company's operations.

## **9. REMUNERATION POLICY**

- i) In discharging its responsibilities, the Committee must have regard to the following policy objectives:
  - to ensure that the Company's remuneration structures are equitable and aligned with the long-term interests of the Company and its shareholders;
  - to attract and retain skilled executives;
  - to structure short and long-term incentives that are challenging and linked to the creation of sustainable shareholder returns; and
  - To ensure any termination benefits are justified and appropriate.
  - To consider professional indemnity and liability insurance for Directors and senior management.

ii) The Committee must at all times have regard to, and notify the Board as appropriate of, all legal and regulatory requirements, including any shareholder approvals which are necessary to obtain.

iii) Remuneration to Non-Executive Directors (NED's):

- NED's shall be paid a sitting fee for every meeting of the board and committee thereof attended by them as member.
- NED's shall not be entitled to any commission on net profit of the Company.

iv) Remuneration to Key Managerial Personnel & other employees:

- The objective of the policy is directed towards having a compensation philosophy and structure that will reward and retain talent.
- Remuneration to Executive Director/ Key Managerial Personnel and Senior Management will be such as to ensure that the relationship of remuneration to performance is clear and meets appropriate performance bench marks and may 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.
- While deciding the remuneration package to take into consideration current employment scenario and remuneration package of the industries operating in the similar comparable businesses in the geographical area of its operations.
- The company has no stock options, plans and hence, such instruments do not form part of their remuneration package.

## **10. THE DETAILED SCOPE & FUNCTIONS OF THE COMMITTEE**

The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and SEBI Listing Regulations and the terms of reference, powers and role of our Nomination and Remuneration Committee are as follows:

1. 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;
2. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
  - a) use the services of an external agencies, if required;
  - b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - c) consider the time commitments of the candidates.
3. formulation of criteria for evaluation of performance of independent directors and the board of directors;
4. devising a policy on diversity of board of directors;
5. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with
6. the criteria laid down, and recommend to the board of directors their appointment and removal;
7. 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; recommend to the board, all remuneration, in whatever form, payable to senior management;
8. framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:

- the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 or the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 to the extent each is applicable; or
  - the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003;
9. evaluating the performance of the independent directors and on the basis of their performance evaluation recommending the Board of Directors and the members of the Company to extend or continue the term of appointment of the independent director; and
  10. performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee.

As required under the SEBI Listing Regulations, the Nomination and Remuneration Committee shall meet at least once a year, and the chairperson of the committee shall be present at the annual general meetings to answer queries of the shareholders. The quorum for each meeting of the said 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 presence.

#### **11. AGENDA, MINUTES & REPORTS.**

Meeting of the Committee can be held whenever required. The Chairperson of the Committee shall be responsible for establishing the agenda for meetings of the Committee. Minutes of all meetings of the Committee shall be prepared to document the discharge of responsibilities by the Committee. The minutes shall be approved at a subsequent meeting of the Committee and shall be distributed periodically to the full Board of Directors. The Company Secretary of the Company shall act as the Secretary/Convener of the Committee and ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

#### **12. POLICY REVIEW**

The Board may subject to the applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy.

By Order of Board.  
For Airfloa Rail Technology Limited.

Managing Director

Place: Chennai  
Date: 21.08.2025