

# REMUNERATION POLICY OF MAITHAN ALLOYS LIMITED

(as amended on 30<sup>th</sup> April, 2018)

## PURPOSE

The Remuneration Policy of Maithan Alloys Limited (“the Company”) applies to all directors and employees on the pay roll of the Company. The Board of Director has adopted this Remuneration Policy at the recommendation of the Nomination and Remuneration Committee (herein after referred as the “Committee”).

The policy reflects the Company’s objectives for good corporate governance as well as sustained and long-term value creation for shareholders. In addition, it ensures that:

- § the Company is able to attract, develop and retain high-performing and motivated employees in a competitive domestic market.
- § employees are offered a competitive and market aligned remuneration package making fixed salaries a significant remuneration component.

The Board of Directors have established a Nomination and Remuneration Committee to set guidelines for the review and control of compliance with the Remuneration Policy. The Nomination and Remuneration Committee works as an extended arm for the Board of Directors with respect to remuneration issues.

## DEFINITIONS

Words and expression used in these regulations shall have the same meanings respectively assigned to them in the Companies Act, 2013 and rules and regulations made thereunder or as defined under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL (KMP) AND EMPLOYEES

### Appointment criteria and qualifications:

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director or KMP and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification or expertise or experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and/or experience possessed by a person is sufficient/ satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who 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.
- d) The Chairman, Managing Director and/or Whole-time Director of the Company shall jointly or severally identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as employees to carry out business operations and functions.

### Term / Tenure:

#### a) Managing Director/Whole-time Director:

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

**b) 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. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he/ she shall be eligible for appointment for one more term of 5 years only.
- § 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 and three listed companies in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

**c) KMP & Employees:**

The Company shall appoint or re-appoint any person as its KMP or employees for a term not exceeding age of retirement of such KMP or employee. The age of retirement of KMP or employees shall be attainment of age of 58 years.

The Chairman, Managing Director and/or Whole-time Director shall have the power to retain any employee even after attaining the retirement age, for the benefit of the Company.

**Evaluation:**

The Committee shall carry out evaluation of performance of every Director and KMP at regular interval (yearly).

**Removal:**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director or KMP subject to the provisions and compliance of the said Act, Rules and Regulations.

**Retirement:**

The Director and KMP 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 the Director and KMP in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**NOMINATION & REMUNERATION POLICY:**

**(A) Nomination matters include:**

- i. Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- ii. Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- iii. Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;

- a) 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;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) 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.

**(B) Remuneration matters include:**

- i. To consider and determine the Remuneration, based on the principles of:
  - a) pay for responsibilities,
  - b) pay for performance and potential, and
  - c) pay for growth and ensure that the remuneration fixed is reasonable and sufficient to attract, retain and motivate the employees;
- ii. To take into account, financial position of the Company, trend in the Industry, appointee's qualification, experience, past performance, past remuneration, etc.;
- iii. To bring about objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders;
- iv. To consider other factors as the Committee shall deem appropriate for elements of the remuneration of the members of the Board and ensure compliance of the provisions of the Companies Act, 2013 and other applicable laws;
- v. To ensure that a balance is maintained between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company in the remuneration of Senior Management and Key Managerial Personnel including liability insurance for Directors and Senior Management;
- vi. To consider any other matters as may be requested by the Board;

**REMUNERATION COMPONENTS:**

The various remuneration components are combined to ensure an appropriate and balanced remuneration package.

The remuneration components are:

- Fixed pay (including fixed supplements)
- Performance-based remuneration (variable pay)
- Other benefits in kind
- Severance payment, where applicable

**Fixed Remuneration:**

The fixed remuneration is determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity and local market conditions.

**Performance-based remuneration:**

The Committee may determine a maximum percentage of performance-based remuneration relative to the fixed remuneration. This percentage may vary according to the type of position held by the director, KMP or employee.

Performance-based remuneration may be disbursed as cash bonus, shares, share based instruments, including conditional shares and other generally approved instruments, all on the basis of applicable local legislation.

Performance-based pay is granted to employees with particular influence on Company's results and shareholder value. As an overall starting point the Company ensures a balanced split between fixed salary and variable pay.

**Other benefits in kind:**

Other benefits in kind includes rent free or subsidized rate of residential accommodation, car, gas, electricity, mobile bill, telephone bill, club membership fees, reimbursement of personal expense, etc.

**Severance remuneration:**

Severance payments are payable in accordance with relevant local legislation and/or as mutually agreed between the Company and employee.

Subject to individual agreements, some key employees are entitled to a maximum of up to 1 months' salary on dismissal. However, some agreements with senior management may provide for up to 3 months' salary.

**Remuneration of the Executive Director (Managing Director & Whole-time Director):**

The remuneration of the Executive Director is intended to ensure the Company's continued ability to attract and retain the most experienced Executive Director and to provide solid basis for succession planning.

The Committee shall submit its recommendations for adjustments in remuneration of the Executive Director for the approval of the Board of Directors. The remuneration of the Executive Director may consist of fixed salary and supplements, incentive, etc. Subject to individual agreement, Executive Director shall also be entitled to a company car, phone and other fixed benefits. The maximum severance pay is 3 months' salary inclusive of the value of variable remuneration and other benefits.

**Remuneration of the Non- Executive Directors:**

Members of the Board of Directors of the Company other than Executive Director(s) shall receive a fee for attending each meeting of the Board of Directors or Committee thereof or for any purpose whatsoever as may be decided by the Board. The Independent Director shall receive a fixed fee for attending each separate meeting as may be required to be held in compliance with the provisions of the Companies Act, 2013.

Based on the recommendation of the Committee, the Board of Directors may approve the fee(s)/remuneration(s) payable to the Non-Executive Directors or changes thereof.

The remuneration of the Non-Executive Directors shall be specified in the annual report.

**Remuneration of the KMP:**

The Chairman, Managing Director and Whole-time Director shall jointly or severally, decide and approve the terms and conditions of the employment including payment of remuneration of the KMP other than Executive/Non-Executive Directors appointed as KMP, if any. The remuneration of the KMP may consist of fixed pay or variable pay or partly fixed and partly variable pay and/or, incentive, etc.

**Remuneration of other employees:**

The Chairman, Managing Director and/or Whole-time Director shall jointly or severally, decide and approve the terms and conditions of the employment including payment of remuneration of the employees other than Executive/Non-Executive Directors and KMP of the Company. The remuneration of the other employees may consist of fixed pay or variable pay or partly fixed and partly variable pay and/or, incentive, etc.

The remuneration of other employees shall be fixed from time to time considering industry standards and cost of living. In addition to basic salary they shall also be provided perquisites and retirement benefits as per prevailing scheme(s) of the Company and statutory requirements, where applicable. Policy of motivation/ reward/ severance payments are applicable to this category of personnel also.

### **CRITERIA FOR PERFORMANCE EVALUATION**

#### **A] Independent & Non-Executive Directors:**

Criteria for performance evaluation of directors other than Executive Directors are:

- § Educational, professional background or experience possessed by director;
- § Contribution to Company's corporate governance practices;
- § Contribution to introduce best practices to address top management issues;
- § Time devoted and Participation in long-term strategic planning;
- § Commitment to the fulfillment of a directors' obligations and fiduciary responsibilities;
- § General understanding of the Company's business, global business and social perspective;
- § Personal and professional ethics, integrity and values.

#### **B] Executive Directors:**

Apart from above criteria the following additional criteria shall also be considered for performance evaluation of Executive Directors:

- § Attendance at the meetings;
- § Relationships and Communications with employees and other stakeholders;
- § Participation and contribution in the performance of the Company;
- § Contribution in strategic planning and risk management vision, team spirit and consensus building, effective leadership;
- § Compliance and Governance;
- § Foresight to avoid crisis and effectiveness in crisis management.

#### **C] Board as whole:**

Criteria for performance evaluation of Board as whole:

- § Composition and Diversity;
- § Performance of the Committees of the Board;
- § Number of Board & Committee meetings;
- § Discussions at Board Meetings;
- § Cohesiveness of Board decisions;
- § Board Procedure, Performance & Culture;
- § Strategy and Growth of the Company.

### **AMENDMENTS TO THE POLICY**

The Board of Directors on its own can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case any amendment(s), clarification(s), circular(s), etc. issued by the relevant authorities are not consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

**MISCELLANEOUS**

- § No director/KMP/ other employee shall be involved in deciding his or her own remuneration or that of his or her relatives who are employees.
- § To the extent legally acceptable under applicable law, the Board of Directors may deviate from this policy in individual cases, if justified by extraordinary and exceptional circumstances.
- § In any circumstances where the provisions of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the relevant law, rule, regulation or standard will take precedent over this Policy.
- § Whenever, there is any deviation from the Policy, the justification /reasons should also be indicated / disclosed adequately.
- § The Company's Remuneration Policy shall be published on its website.

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