



NOMINATION & REMUNERATION POLICY

OF

SAMRAT FORGINGS LIMITED

Nomination & Remuneration Policy – Samrat Forgings Limited

Preface

At all levels and at all times monetary compensation has been, if not the sole but the most important motivational aspect for getting the job fulfilled under any given business scenario.

It is the endeavor of Samrat Forgings Limited (hereinafter referred as “the Company”) that its Nomination & Remuneration Policy should represent the mode in which the Company carries out its business practices i.e. fair, transparent, inclusive and flexible.

The Company strives that its Remuneration Policy should attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belongingness and involvement, besides offering appropriate remuneration packages and superannuation benefits.

This Nomination & Remuneration Policy applies to Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company.

Statutory Requirement

Section 178 of the Companies Act, 2013 requires every listed company and such class or classes of companies, as may be prescribed to establish a Nomination and Remuneration Committee (hereinafter referred as “the Committee”) and that such 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, senior management and other employees.

The Committee shall, while formulating the remuneration policy shall 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

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- 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.

This policy is divided into three parts –

- PART A – Appointment of Director, KMP and Senior Management Personnel
- PART B – Board Diversity
- PART C – Remuneration to Director, KMP, Senior Management Personnel and other employees

Part A - Appointment of Director, KMP and Senior Management Personnel

- a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c. Term and Tenure of Director, Independent Director, Managing Director, Whole Time Director and KMP shall be governed by the provisions of Companies Act, 2013 as may be in force and amended from time to time.
- d. Due to reasons for any disqualification mentioned in the Companies Act, 2013 (hereinafter referred to as “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, KMP or other employee subject to the provisions and compliance of the said Act, rules and regulations.
- e. The Director, 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, KMP, Senior Management Personnel on the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.
- f. The remuneration/ compensation / commission/ increment etc. to the Directors and KMP will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / Commission/increment etc. shall be

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subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required under the Companies Act, 2013.

- g. Human Resource Department of the Company in consultation with Chairman/Managing Director of the Company is empowered to appoint the candidates in the Senior Management in terms of the criteria prescribed herein and report their appointment to the Committee. The Committee may also identify and recommend to the Board who may be appointed in senior management in accordance with the criteria laid down.
- h. Where any insurance is taken by the Company on behalf of its Whole time Director, Managing Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

Part-B - Board Diversity

The Board shall consist of such number of Directors, including at least one woman Director and not less than fifty percent of the Board of Directors comprising non-executive directors, as is necessary to effectively manage the Company of its size.

When the Chairman of the Board is a non-executive director, at least one-third of the Board should comprise independent directors and in case the company does not have a regular non-executive Chairman or in case the regular non-executive Chairman is a promoter of the company, at least half of the Board should comprise independent directors.

The Committee will lead the process for Board appointments. All Board appointments will be based on the skills, diverse experience, independence and knowledge which the Board as a whole requires to be effective. The Committee shall seek to address Board vacancies by actively considering candidates that bring a diversity of background and opinion from amongst those candidates with the appropriate background and industry or related expertise and experience.

Additionally, the Board may consider appointment of experts from various specialized fields such as finance, law, information technology, corporate strategy, marketing and business development, international business, operations management etc. so as to

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bring diversified skill sets on board or succeed any outgoing director with the same expertise.

Part-C - Remuneration to Director, KMP, Senior Management Personnel And Other Employees

A. Remuneration to Managing Director/Whole-time Director

- Remuneration

The Company strives to provide fair compensation to Directors, KMP, Senior Management Personnel and other employees, taking into consideration following factors –

- Industry benchmark,
- Company's performance vis a vis industry,
- Scope of duties, roles and responsibilities,
- Skill, knowledge, performance/track record,
- Core performance requirements and expectations of individuals
- Legal and industrial Obligations

Managing Director/ Whole-time Director shall be eligible for remuneration as may be approved by the Shareholders of the Company on the recommendation of the Committee and the Board of Directors.

The remuneration payable to any one managing director or whole-time director shall not exceed 5% of the net profits of the company and if there is more than one such director remuneration shall not exceed 10% of the net profits to all such directors taken together.

The break-up of the pay scale and quantum of allowances, perquisites including, employer's contribution to provident fund, pension scheme, medical expenses, car & driver facility etc. shall be decided and approved by the Board on the recommendation of the Committee. The remuneration may also be paid in the form of Profit linked Commission but with the overall limits as stated above.

- Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director/Whole-time Director in

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accordance with the Schedule V and other applicable provisions of the Act and if it is not able to comply with such provisions, then with the prior approval of the Central Government.

- Provisions for excess remuneration

If any Managing Director/Whole-time 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.

B. Remuneration to Non-Executive and Independent Director

- Sitting Fees

The Non-executive and Independent Directors of the Company shall be paid sitting fees as approved by the Board in terms of the provisions of the Act and no sitting fee is paid to Non-executive Non Independent Directors.

- Stock Options

Pursuant to the provisions of the Act, an Independent Director shall not be entitled to any stock option of the Company.

C. Remuneration to KMP, Senior Management, other Employees

Apart from the Directors, remuneration along with annual increment of all other KMP, Senior Management Personnel and other employees of the Company shall be determined by HR department in consultation with Managing Director/Whole-time Directors of the Company.

The remuneration and increment thereof should be in line with company's philosophy to provide fair compensation to employees based on their experience, roles and responsibilities, performance track record, legal obligation, industry benchmark, job complexity etc.

The various remuneration components such as basic salary, allowances, perquisites, etc may be combined to ensure an appropriate and balance remuneration package.

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The Incentive pay shall be decided by HR department of the Company based on the HR policies in relation thereto and considering the balance between performance of the Company and performance of the Key Managerial Personnel, Senior Management Personnel and other employee.

The Committee may recommend to the Board a policy for granting Stock options to KMP, Senior Management Personnel and other employees in line with the provisions of the Act, SEBI regulation and the provision of any other applicable laws.

This Remuneration Policy shall apply to all existing and future employees of the Company.

Amendment

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the Directors and employees unless the same is communicated in the manner described as above.