

**ELECTROSTEEL CASTINGS  
LIMITED**

Nomination and Remuneration Policy governs the criteria for determining qualifications, positive attributes and independence of a Director and lays down the remuneration principles for Directors, Key Managerial Personnel and other employees

## **Nomination and Remuneration Policy**

Effective Date: 29.01.2019

Approval Date: 29.01.2019

Version No.: 2.0

Recommended By: Nomination and  
Remuneration Committee

Approved By: Board of Directors

This document supersedes any Nomination and Remuneration Policy existing in the Company and should be read in conjunction with the most recent policies and procedures documented.

Subject: Nomination and Remuneration Policy	Original Issue Date: 10.05.2014	Effective Date: 29.01.2019
	Revision Date: 29.01.2019	Version: 2.0
<b>Governing Guidelines:</b> The Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereto		

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### **1. Commencement**

The Nomination and Remuneration Policy of the Company has been formulated in terms of Section 178 of the Companies Act, 2013 ('the Act') and Regulation 19, read with Part D of Schedule II to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). This Policy was first approved by the Board at its meeting held on 10 May 2014.

This Policy governs policy relating to Directors', Key Managerial Personnel's and other employees' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director.

### **2. Definitions**

- a) **"Board of Directors" or "Board"** in relation to a Company, means the collective body of the Directors of the Company.
- b) **"Director"** means a Director appointed to the Board of a Company.
- c) **"Key Managerial Personnel" or "KMP"** shall have the meaning as defined in the Act.
- d) **"Managing Director"** shall have the meaning as defined in the Act.
- e) **"Senior Management"** shall have meaning as defined under Regulation 16(1)(d) of the Listing Regulations and Section 178 of the Act, as amended from time to time.
- f) **"Policy" or "this Policy"** means the Nomination and Remuneration Policy of the Company.

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g) **“Whole-time Director”** shall have the meaning as defined in the Act.

Words and expressions used and not defined herein above shall have the same meaning as defined in the Act and the Listing Regulations or any other applicable law(s) or regulations, as may be applicable for the time being and force.

### **3. Purpose**

In line with the requirements of the Act and Listing Regulations, the objectives and purpose of the policy are as under:

- To formulate the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a director and to recommend their appointment;
- To lay down the criteria for identifying people who can be appointed in senior management and recommend their appointment;
- To lay out the remuneration principles for the Directors, KMP and other employees

### **4. Aims & Objectives**

The aims and objectives of this policy may be summarized as follows:

- The Policy aims to enable the Company to attract, retain and motivate highly qualified members for the Board, KMP and other employees;
- The Policy seeks to enable the Company to provide a well-balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations;
- The Policy will ensure that the interests of Board members, KMP & employees are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the Company and will be consistent with the "pay-for-performance" principle; and
- The Policy will ensure that remuneration to Directors, KMP and employees 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.

### **5. Appointment of Directors, Key Managerial Personnel and Senior Management**

- The Nomination and Remuneration Committee ('the Committee') of the Board of Directors shall identify and ascertain the integrity, qualification, eligibility, expertise and experience of the person for appointment as a Director, KMP and Senior Management and recommend to the Board his/her appointment;

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- 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;
- Appointment of Independent Directors shall also be subject to compliance of provisions of Section 149 of the Act read with Schedule IV and Rules framed thereunder and the Listing Regulations;
- The Committee shall actively liaise with the relevant departments of the Company to study the requirement for management personnel and produce a written document thereon;
- The Committee may conduct a wide-ranging search for candidates for the positions of Director, KMP and Senior Management within the Company, within enterprises controlled by the Company or within enterprises in which the Company holds equity and on the human resources market;
- The professional, academic qualifications, professional titles, detailed work experience and all concurrently held positions of the initial candidates shall be compiled as a written document;
- A meeting of the Committee shall be convened, and the qualifications of the initial candidates shall be examined on the basis of the conditions for appointment of Directors, KMP and Senior Management;
- Before the selection of Directors, KMP or Senior Management, the recommendations of and relevant information on the relevant candidate(s) shall be submitted to the Board of Directors; and
- The Committee shall carry out other follow-up tasks based on the decisions of and feedback from the Board of Directors.

## **6. Term/Tenure**

### **Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Managing Director or Executive Director for a term not exceeding 5 (five) years at a time. No re-appointment shall be made earlier than 1 (one) year before the expiry of term.

### **Independent Director**

An Independent Director shall hold office for a term up to 5 (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 2 (two) consecutive terms, but such Independent Director shall be eligible for appointment after expiry of 3

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(three) years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of 3 (three) years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

## **7. Compensation Structure**

The Managing Director(s), Executive Director(s), Non-Executive Directors, Key Managerial Personnel and other employees may receive Basic Salary and other Perquisites. The Perquisites include other allowances. The total salary may include fixed and variable components.

The Company's policy is that the total fixed salary should be fair and reasonable after taking into account the following factors:

- The scope of duties, the role and nature of responsibilities;
- The level of skill, knowledge and experience of individual;
- Core performance requirements and expectations of individuals;
- The Company's performance and strategy; and
- Legal and industrial Obligations.

### Remuneration for Independent Directors and Non Independent Non-Executive Directors

Non-Executive Directors are remunerated to recognize responsibilities, accountability and associated risks of Directors. The total remuneration of Non-Executive Directors may include all or any combination of following elements:

- Fees for attending Board, Committee and other meetings as permissible under Section 197 of the Act read with Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and decided at the Meeting of the Board of Directors;
- Commission on net profits as permissible under Section 197 of the Act and decided by the Board from time to time to be payable to any of the Non-executive Director.
- Non-Executive Directors are entitled to be paid all traveling and other expenses they incur for attending to the Company's affairs, including attending and returning from General Meetings of the Company or Meetings of the Board of Directors or Committee of Directors.

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### Remuneration for Executive Directors and Key Managerial Personnel

Remuneration to be paid to Executive Directors (including Managing Director) shall be within the scale as approved by the Members of the Company. The elements of total compensation shall be recommended by the Nomination and Remuneration Committee and also be approved by the Board. The same shall be within the overall limits as specified under the Act.

The Nomination and Remuneration Committee determines the annual variable pay compensation in the form of annual incentive/commission for the Executive Directors of the Company.

Executive Directors will not be paid any sitting fees for attending any Board/Committee Meeting(s) of the Company.

Remuneration to be paid to other KMP shall be as per the Policy of the Company and as approved by the Board of Directors.

All remuneration payable shall be in accordance to the provisions of the Act, the Listing Regulations and such other laws as may be applicable from time to time. Any increase in the maximum aggregate remuneration payable beyond permissible limit under the Act shall be subject to the approval of the Shareholders' at the General Meeting of the Company by Special Resolution.

### Remuneration for other Employees

The Managing Director and/or Whole-time Director shall jointly or severally, decide and approve and/or delegate authority, from time to time, to the Human Resource Department or such other official(s) of the Company, as they may deem fit, to 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.

## **8. Review & Amendment**

This Policy can be modified/amended/alterd by the Board of Directors of the Company on its own or upon recommendation of its Nomination and Remuneration Committee, except in case of any amendment(s), clarification(s), circular(s), etc., issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc., shall prevail upon the provisions in this Policy and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.