



maithan alloys ltd

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REMUNERATION POLICY

(Adopted by the Board of Directors on 28 January 2019 to be effective from 1 April 2019)

PURPOSE

The Remuneration Policy of Maithan Alloys Limited (“the Company”) applies to all Directors, KMP and other Employees on the pay roll of the Company. The Board of Directors of the Company (“the Board”) have adopted this Remuneration Policy at the recommendation of the Nomination and Remuneration Committee (the “NRC”).

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 has established a Nomination and Remuneration Committee to set guidelines for the review and control of compliance with the Remuneration Policy of the Company. The NRC works as an extended arm for the Board 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 (the “Act”) and rules and regulations made thereunder or as defined under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”).

PROCEDURE FOR APPOINTMENT AND CESSATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL (KMP) AND OTHER EMPLOYEES

1. Appointment criteria and qualifications:

- a) The NRC 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 positive attributes like resilient, practical, trustworthy, etc. apart from adequate qualification or expertise or experience for the position he / she is considered for appointment. The NRC 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 Executive Director who has attained the age of seventy years unless prior approval of shareholders has been obtained 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, required for appointment as Employee(s) to carry out business operations and functions.

2. 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) Non-Executive Director:

The Company shall not appoint or continue the directorship of any person as Non-Executive Director who has attained the age limit as prescribed under the law, unless prior approval of shareholder has been obtained by passing a special resolution for his appointment.

c) 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 he/she meets such criteria of independence as prescribed under the Act, the Listing Regulations and other applicable laws.
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves, is within the limits prescribed under the Act, the Listing Regulations and other applicable laws.

d) KMP & Other Employees:

The Company shall appoint or re-appoint any person as its KMP or Employee upto the age of retirement of such KMP or Employee. The age of retirement of KMP or Employees shall be 58 years.

The Chairman, Managing Director and/or Whole-time Director and in case of their inability to do so the Board, shall have the power to appoint/re-appointment/retain any KMP or Employee even after their attaining the retirement age, for the benefit of the Company.

3. Removal:

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

4. Retirement:

The KMP and other Employees shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to appoint/re-appoint/retain the KMP and other Employees in the same position/ remuneration or otherwise even after their attaining the retirement age, for the benefit of the Company.

REMUNERATION MATTERS

- 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 NRC shall deem appropriate for elements of the remuneration of the members of the Board and ensure compliance of the provisions of the Act and other applicable laws;
- v. 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 Remuneration (including fixed supplements)
- Performance-based remuneration (variable remuneration)
- 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 NRC 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 or cash equivalents, bonus, shares, share based instruments, including conditional shares and other generally approved instruments, all on the basis of applicable local legislation.

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

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 payments:

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

Subject to individual agreements, KMP/other Employees are entitled to a maximum of 1 months' salary on dismissal. However, some agreements with senior management may provide for maximum 3 months' salary.

Remuneration of the Executive Director including 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 NRC shall submit its recommendations for adjustments in remuneration of the Executive Director for the approval of the Board. The remuneration of the Executive Director may consist of fixed remuneration 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 other than Executive Director(s) shall receive a fee for attending each meeting of the Board 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 Act, the Listing Regulations or other applicable laws.

Based on the recommendation of the NRC, the Board 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 remuneration or variable remuneration or partly fixed and partly variable remuneration and/or, incentive, etc.

Remuneration of other Employees:

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 Employees other than Executive/Non-Executive Directors and KMP of the Company. The remuneration of the other Employees may consist of fixed remuneration or variable remuneration or partly fixed and partly variable remuneration 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. 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;
- Fulfillment of the criteria as specified in the Act read with its allied Rules, Listing Regulations and other provisions/law governing the said matter;
- 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;
- Performance of the Director(s) ;
- Attendance at the meetings.

B] Executive Directors:

Apart from above criteria as may be applicable to Executive Directors, the following additional criteria shall also be considered for performance evaluation of Executive Directors:

- Relationships and Communications with Board, 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;
- Contribution in 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;
- Endeavor for adaptation of the good Corporate Governance Practices;
- Number of Board Meetings;
- Discussions at Board Meetings;
- Cohesiveness of Board decisions;
- Strategy and Growth of the Company;
- Working relationships and communications among the Board, Employees and other stakeholders;
- Vision, Mission and consensus building;
- Foresight to avoid crisis and effectiveness in crisis management;
- Board Procedure, Performance & Culture.

D] Committees of the Board:

Criteria for performance evaluation of all Committees of the Board:

- Composition and terms of reference of the Committee of the Board;

- Compliance to the Committee’s terms of reference;
- Frequency of the meetings of the Committee;
- Performance and reporting of the actions taken by the Committee to the Board;
- Opportunity given to the members to share their views;
- Effectivity of the suggestions and recommendations from the Committee;
- Working relationships and communications with the Board, Employees and other stakeholders.

AMENDMENTS TO THE POLICY

The Board 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 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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