



SHYAM FERRO ALLOYS LIMITED

Nomination & Remuneration Policy

Preamble

The nomination and remuneration policy provides a framework for remuneration paid to the members of the Board of Directors (“Board”), the Key Managerial Personnel (“KMP”) and the Senior Management Personnel (“SMP”) of Shyam Ferro Alloys Limited (“SFAL”). The expression “Senior Management” means personnel of SFAL who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive Directors, including the functional heads.

Objective

The Nomination and Remuneration Committee and this Policy are in compliance with section 178 of the Companies Act, 2013 read along with the applicable rules thereto. The key Objectives of the Committee would be:

- a. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- c. To recommend to the Board on the remuneration payable to the Directors, Key Managerial Personnel and senior Management.
- d. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company’s operations.
- e. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- f. To devise a policy on Board diversity.
- g. To develop a succession plan for the Board and to regularly review the plan.

Role of Committee

Matter to be dealt:-

The committee shall

1. formulate 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. formulate the criteria for evaluation of performance of independent directors and the board of directors;
3. device a policy on diversity of board of directors;
4. identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.

Policy for appointment & Removal

1. Appointment:

- The Nomination and Remuneration Committee shall identify and ascertain the integrity, qualifications, expertise and experience of the person for appointment as Director, KMP or Senior Management Personnel and recommend to the Board his / her appointment.

- A person should possess adequate qualifications, expertise and experience for the position he/she is considered for appointment as a Director. The Committee has discretion to decide whether qualifications, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position and are in accordance with the provisions of the Act.
- The Committee shall ensure that a person proposed to be appointed as an Independent Director satisfies the criteria laid down under the Act.
- 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 the members by a special resolution.

2. Term/Tenure

The Term/Tenure of the Directors shall be governed as per the provisions of the Companies Act, 2013 and rules made thereunder as amended from time to time.

3. Evaluation criteria for Directors

Nomination & Remuneration Committee has to identify & adopt following criteria for performance evaluation of independent directors & the board of directors of the Company and the evaluation will be performed on Annual basis

An indicative list of factors upon which evaluation of performance can be conducted

- a. Meeting participation & value contribution by a director.
- b. Number of meetings attended.
- c. Commitment (includes guidance provided to senior management outside of board/committee meetings)
- d. Effective management of relationship with stakeholders.
- e. Effective deployment of knowledge & expertise in the various fields.
- f. Integrity & maintenance of confidentiality.
- g. Impact & influence inside / outside of the company.

4. Implementation & Monitoring of performance evaluation process

The Nomination and Remuneration Committee in consultation with Board may be responsible for implementation of evaluation of performances.

Remuneration of Directors, KMPs and Senior Management Personnel

1. Remuneration to the Executive Directors:

The remuneration of the Executive Directors, KMPs and Senior Management Personnel should be based on Company's financial position, industrial trends, remuneration paid by peer companies. The remuneration should be reasonable and sufficient to attract, retain and motivate the aforesaid persons.

The Executive Directors shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale, bonus, commission and quantum of perquisites including, housing, car, medicals, leave travel allowance, club fees, leave encashment, insurance, retiral benefits and other perquisites and allowances shall be decided and approved by the Board on the recommendation of the

Committee and approved by the shareholders and /or Central Government, wherever required.

Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders.

If, in any financial year, SFAL has no profits or its profits are inadequate, SFAL shall pay remuneration to its Executive Directors in accordance with the provisions of the Act and/or with the approval of the Central Government as applicable and necessary.

2. Remuneration to Non-Executive / Independent Directors:

Sitting fees for attending meetings of Board or Committee may be paid as fixed by the Board on the recommendation of the Committee within the amounts as may be prescribed by the Central Government from time to time.

Commission may be paid within the monetary limit approved by shareholders, subject to the limits as per the applicable provisions of the Act.

An Independent Director shall not be entitled to any stock option of SFAL.

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, removal of a Director, KMP or SMP subject to the provisions and compliance of the said Act, rules and regulations.

Retirement

The Director, KMP and SMP shall retire as per the applicable provisions of the Act and the prevailing policy of SFAL as applicable and prevalent. The Board will have the discretion to retain the Director, KMP, SMP in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of SFAL.

Composition :

The Nomination and Remuneration Committee shall consist of at least three non-executive directors as members out of which not less than one-half shall be independent directors. The appointment and removal of the members of the Committee shall be as per the provisions of Companies Act, 2013 and the Rules made there under.

Chair:

At the time of appointment of the members of the Committee, the Board shall also appoint a Chairman/Chairperson who will be an independent Director.

Meetings:

The meetings of the Committee shall be held as and when required and as statutorily required under the provisions of Companies Act, 2013 and Rules made there under and as per the applicable law, if any, for the time being. The Chair shall preside over all Committee meetings. However, the Chairman/Chairperson of the company (whether executive or non-

executive) may be appointed as a member of the Committee but shall not chair such Committee.

Secretary and Minutes:

The Company Secretary shall act as the secretary for Committee meetings. Minutes of the meetings shall be recorded and maintained by the Company Secretary and shall be presented to the Committee for approval at its subsequent meeting.

REPORTING TO THE BOARD:

The Chair shall report to the Board on material matters arising at the Committee meetings and where applicable, shall present the Committee’s recommendations to the Board for its approval.

DELEGATION OF RESPONSIBILITIES AND AUTHORITIES:

Committee is authorized to delegate its responsibilities or authorities to such person (s) at its discretion, subject to the provisions of the Companies Act, 2013 and other applicable laws.

Amendment

The Nomination and remuneration Committee will review and may amend / modify this Policy from time to time in consultation with the Board of Directors of SFAL.

