



**SREE METALIKS LIMITED**

**NOMINATION AND REMUNERATION  
(NR) POLICY**



## **NOMINATION & REMUNERATION POLICY AND ITS FRAMEWORK**

### **1. CHARTER**

This charter governs the formation and operation of the Nomination and Remuneration Committee (the 'Committee') of Sree Metaliks Limited (the 'Company').

### **2. INTRODUCTION**

The Company believes in conducting its affairs in a non-discriminatory and transparent manner by adopting highest standards of professionalism and good corporate governance practices. The Company believes that a good corporate governance system is necessary to ensure its long term success. The Company ensures good governance through the implementation of effective policies and procedures, which is mandated and regularly reviewed by the Board and/or the committees of the members of the Board.

### **3. FORMATION OF COMMITTEE**

The Nomination and Remuneration Committee of the Company was constituted on October 4, 2019 consisting of 3 Directors. The Committee and Nomination and Remuneration Policy (the 'Policy') is in compliance with all applicable provisions of the Companies Act, 2013, particularly Section 178 read together with the applicable rules thereto.

### **4. CONSTITUTION OF THE COMMITTEE**

- 4.1 The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- 4.2 Term of the Committee shall be continued unless terminated by the Board of Directors.
- 4.3 Chairman of the Committee shall be an Independent Director. The Chairperson of the Company may be appointed as a member of the Committee but shall not be the Chairman of the Committee.

### **5. QUORUM & MEETINGS**

Minimum two (2) members shall constitute a quorum for a Committee meeting. In the event only two (2) members are present, the unanimous vote of the two (2) members shall constitute an act of the Committee. In case of an equality of votes, the Chairman shall have a second or casting vote. Where the Committee comprises of more than two (2) members, the act of a majority of the members present will constitute an act of the Committee.

The Committee shall meet at least twice in a financial year, with additional meetings when circumstances require, as determined by the Committee Chairman.

### **6. MINUTES**

Minutes of each meeting will be prepared by or under the direction of the Company Secretary. The Company Secretary shall maintain a permanent record of the minutes of the meeting/s, and shall distribute minutes to members of the Committee as also directors who are not members of the Committee.



## 7. REPORTING AND DISCLOSURE

The Company Secretary or any other person nominated by the Board shall apprise the Board at its next meeting or earlier, if required by the law, of all material matters and recommendations proposed by the Committee from time to time.

## 8. SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

## 9. FUNCTIONS OF THE COMMITTEE

9.1 **Corporate Governance:** To ensure that the Board is comprised of directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance;

9.2 **Board diversity:** review the composition of the Board and devise a policy on Board diversity; and

9.3 **Appointment Criteria:** To formulate criteria for determining qualifications, positive attributes and independence of a director and to 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 the Board of their appointment and removal;

9.4 **Appointment of Independent Directors:** To formulate the criteria for evaluation of independent directors on the Board;

9.5 **Remuneration Policy:** To review and recommend to the Board the overall strategies in relation to executive and non - executive remuneration policies;

9.6 **Performance evaluation:** To carry out evaluation of every director's performance;

## 10. REVIEW

The Committee shall review and reassess the framework and the Policy, on an annual basis and obtain the approval of the Board of Directors, for any changes/ amendment in the framework/ policy.

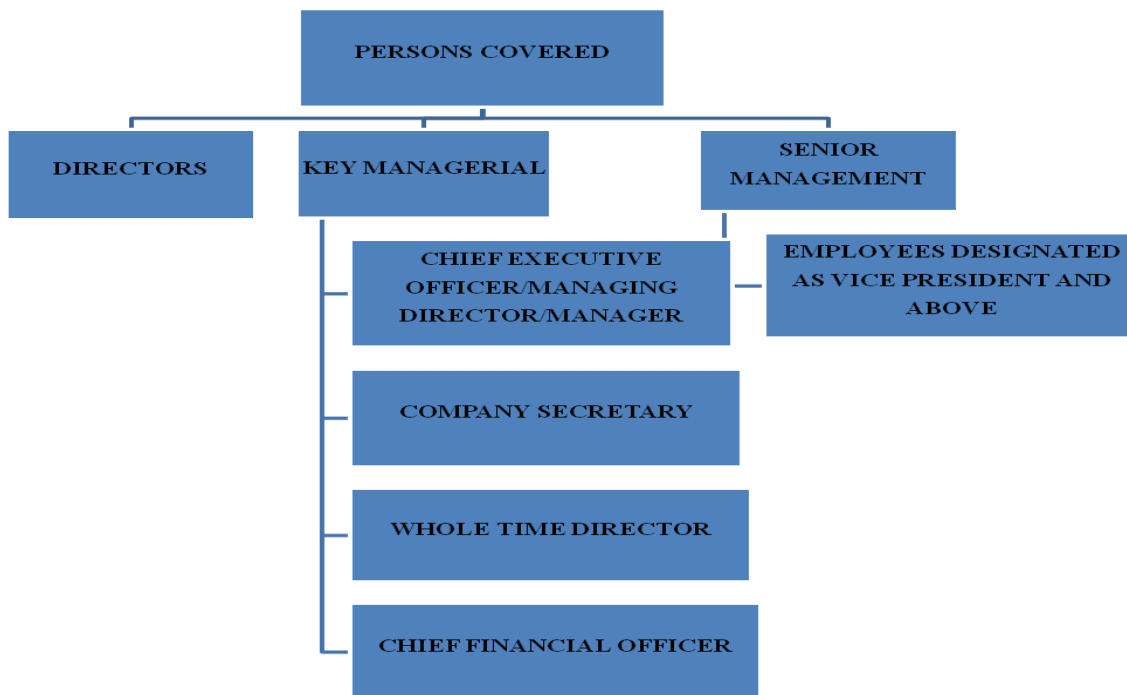


## NOMINATION AND REMUNERATION POLICY

### 1. PREFACE

The Nomination and Remuneration Policy ('Policy') for members of the Board of Directors, Key Managerial Personnel and Senior Management of the Company is designed to attract, motivate and retain leadership members in a competitive and international market. The Policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

### 2. POLICY IS APPLICABLE TO:



### 3.1 GUIDING PRINCIPLES - Key Management Personnel Compensation

Our fundamental and overriding objective is to create value for our shareholders at leadership levels on a consistent long-term basis. To accomplish this goal, the global guidelines on executive compensation programs provide the following guiding principles:

1. Emphasize Pay for Performance

Aligning incentives with business strategies to reward executives who achieve or exceed Company, business unit, and individual goals, while discouraging excessive risk-taking by removing any incentive to focus on a single performance goal to the detriment of others.

2. Pay Competitively

Set target compensation opportunities to be competitive with other multinational corporations of similar size, value, and complexity.

3. Focus on Long-Term Success

Include equity as a cornerstone of our executive pay programs and by using a combination of short-term and long-term incentives to ensure a strong connection between Company performance and actual compensation realized.



### 3.2 Guiding Principles - Compensation to Independent Directors

1. Ensure compliance with local laws

Compensation to Independent Directors cannot exceed the threshold provided under local law as per the Companies Act.

2. Pay Competitively in line with peer companies

Target compensation to be competitive with other corporations of similar size, value, and complexity.

The company will undertake periodic exercise to benchmark the pay-out of key peer/ same sector companies.

## 4 REMUNERATION OF EXECUTIVE DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT (“EXECUTIVE EMPLOYEE”)

The Human Resources department will determine remuneration criteria and recommend the same to the Board, using the above guiding principles.

- i **SALARY**- Each executive employee will be entitled to receive a salary which will be competitive and based on executive’s responsibilities and performance.
- ii **SHORT TERM INCENTIVES** - Based on the achievement of an individual, pre-defined financial and strategic business targets presented by the Committee and ratified by the Board of Directors;
- iii **LONG TERM INCENTIVES** - Each Executive Employee will be entitled to receive long term incentives, as per the global guidelines and as recommended by the Management, from time to time.
- iv **SEVERANCE PAY AND PENSION CONTRIBUTION** - As per employment terms;
- v **OTHER BENEFITS**- Executive employees will be entitled to insurance policy (s), pension scheme and such other benefits as the Company may provide from time to time.

## 5 RATIFICATION OF REMUNERATION TO KEY MANAGEMENT PERSONNEL

The committee will annually ratify the remuneration of the key Management Personnel.

## 6 MAXIMUM MANAGERIAL REMUNERATION

The total managerial remuneration payable by the Company, to its directors, including managing director and whole-time director and non executive directors shall be within the limits as prescribed under the law.

## 7 REMUNERATION OF INDEPENDENT DIRECTOR

The Company will remunerate Independent Directors in a manner designed to attract and maintain high quality Board members. Independent Directors are paid remuneration by way of commission and/or sitting fees. The Company may pay a sitting fee per meeting to Independent Directors for attending Board meetings within the limits prescribed under law. Further, if the shareholders approve, commission may be paid to Independent Directors including Independent Directors within the statutory monetary limits. Such commission is paid on a uniform basis to reinforce the principle of collective responsibility.



The remuneration of Independent directors is consistent with and supportive of maintaining the Independent director's independence.

## **8 POLICY AND PROCEDURE FOR SELECTION AND APPOINTMENT OF NEW DIRECTORS**

(A) The selection criteria for the appointment and re-appointment of directors will normally be based on an analysis of the composition of the existing Board, its skill and experience and its independence requirements.

Factors to be considered when reviewing a potential candidate for Board appointment include without limitation:

- The skills, experience, expertise and personal qualities that will best complement Board effectiveness;
- The capability of the candidate to devote the necessary time and commitment to the role. This involves a consideration of matters such as other Board or executive appointments;
- Potential conflicts of interest, and independence in accordance with the Companies Act, 2013 and the SEBI Regulations, as specified and applicable from time to time.

(B) Each director will prior to their appointment provide to the company sufficient information to allow the Board to adequately assess the independence of the director. Directors should ensure that updated information is provided to the Board if the circumstances relating to the assessment of their independent status changes.

(C) The identification of potential Directorial candidates may be assisted by the use of external search organisations as appropriate.

## **9 Evaluation**

### **9.1 Evaluation of Key Managerial Personnel**

- The Managing Director performs the evaluation of performance on an annual basis.
- The Managing Director does a review of the performance based on the efforts put in by the employee, results achieved against the goals set, and impact of external /internal factors.
- The performance review will also include the review of remuneration of the KMP

### **9.2 Evaluation of Independent Directors**

The performance evaluation of Independent Directors shall be done by the Board, excluding the Director being evaluated, basis the contributions made to the Board deliberations in the board meetings

## **10 REVIEW AND DISCLOSURE**

10.1 The Company shall disclose in the Board's report, the ratio of the remuneration of each director, to the median employee's remuneration and such other details as prescribed under law.

10.2 The Company discloses in its Annual Report all elements of remuneration package of individual directors summarized under major groups details of fixed component and performance linked incentives together with material terms, service contracts like notice period, severance fees (if any) and stock option details (if any).



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10.3 The Board is responsible for approving the remuneration strategy for directors, executive and senior management. In determining whether to approve the relevant level of remuneration, the Board is to consider the recommendations from the Committee, prevailing market conditions, performance by the individual and the business strategies and objectives of the Company. The Board shall disclose the remuneration of senior executives in the Company's Annual Report. The Human Resources department of the Company will monitor the day to day compliance with this Policy.

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