

# REMUNERATION POLICY OF MANAKSIA STEELS LIMITED

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Framed under Section 178 (3) of the Companies Act, 2013 & Regulation 19 Read with Para A of Part D of Schedule II of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## CLARIFICATIONS, AMENDMENTS AND UPDATES

This Policy shall be implemented as per the provisions of the Applicable Law. Any amendments in the Applicable Law, including any clarification/ circulars of relevant regulator, shall be read into this Policy such that the Policy shall automatically reflect the contemporaneous Applicable Law at the time of its implementation.

All words and expressions used herein, unless defined herein, shall have the same meaning as respectively assigned to them, in the Applicable Law under reference, that is to say, the Companies Act, 2013 and Rules framed thereunder, or SEBI LODR, as amended, from time to time.

### I. INTERPRETATION CLAUSES

For the purposes of this Policy references to the following shall be construed as:

- “Applicable Law”** : shall mean the Companies Act, 2013 and allied rules made thereunder, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and includes any other statute, law, standards, regulations or other governmental instruction as may be applicable to the Company from time to time.
- “Company”** : refers to Manaksia Steels Limited.
- “Board”** : refers to the Board of Directors of the Company.
- “Committee”** ; refers to Nomination & Remuneration Committee of Board of Directors of the Company
- “Directors”** : refers to the Managing Director, all whole-time Directors, non-executive and independent Directors of the Company.
- “Executives”** : refers to the Managing Director and all whole-time Directors, Key Managerial Personnel and Senior Management Personnel.
- “Key Managerial Personnel” or KMP** : refers to -
- a. Managing Director, Manager, Chief Executive Officer;
  - b. Chief Financial Officer;
  - c. Company Secretary;
  - d. Officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board of Directors of the Company;
  - e. Officer(s) as may be prescribed under Applicable Law.

**“Non-Executive Directors” or NED** : refers to Directors other than Managing Director and whole-time director and includes Independent Director.

**“Policy” or “this Policy”** : shall mean the contents herein including any amendments made by the Board of Directors of the Company.

**“Senior Management Personnel” or SMP** : shall mean officers and personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall also comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include the functional heads, by whatever name called and the company secretary and chief financial officer.

All terms not defined herein shall take their meaning from the Applicable Law.

## **II. EFFECTIVE DATE**

This Policy shall become effective from the date of its adoption by the Board.

## **III. SCOPE**

a) This Policy applies to all the “Executives” of the Company.

In addition, the principles of selection and remuneration under this Policy also extends to the Non-Executive Directors, including Independent Directors of the Company.

b) The Board of Directors has adopted this remuneration Policy with effect from 15.05.2015, on the recommendation of the Committee. This Policy shall be valid for all employment agreements entered into after the approval of the Policy for appointment of the Executives and Directors and for changes made to existing employment agreements thereafter and shall be amended by the Board from time to time in line with the requirement of the Applicable law, as may be recommended by the Committee of the Company.

c) In order to comply with local regulations, the Company may have remuneration policies and guidelines which shall apply in addition to this policy.

The Board of Directors of the Company may deviate from this Policy if there are explicit reasons to do so in individual case(s). Any deviations on elements of this Policy under extraordinary circumstances, when deemed necessary in the interests of the Company, shall be reasoned and recorded in the Board’s minutes and shall be disclosed in the Annual Report of the year in which the said deviations take place.

## **IV. PURPOSE**

This Policy reflects the Company’s objectives for good corporate governance as well as sustained and long-term value creation for stakeholders.

The objectives and purpose of this Policy are:

1. Selection and determination of qualification and positive attributes of the Executives and Directors, including independence test for the Independent directors to be appointed;
2. Specifying the manner of performance evaluation for Executives and Directors;
3. Setting out broad framework for fixing the remuneration of the Executives and Directors. In providing such framework, it is intended to ensure that –

- a) The level of remuneration is reasonable and sufficient for the Company to be able to attract, develop and retain high-performing and motivated Executives in a competitive national as well as international market;
- b) the Executives are offered a competitive, market aligned and performance linked remuneration package, with fixed salaries being a significant remuneration component, as permissible under the Applicable Law;
- c) remuneration to the 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

## **V. GUIDING PRINCIPLES FOR REMUNERATION AND OTHER TERMS OF EMPLOYMENT**

The guiding principle is that the remuneration and the other terms of employment for the Executives shall be competitive in order to ensure that the Company may attract and retain competent Executives. In determining the remuneration and other terms of employment, the Committee ensures that a competitive remuneration package for all Executives is maintained and is also benchmarked with other multinational companies operating in national and global markets.

## **VI. RESPONSIBILITIES AND POWERS OF THE COMMITTEE**

The Committee, in addition to the functions and powers as endowed by its terms of reference, would also be responsible for:

- a) preparing and recommending for the Board's decisions on issues concerning principles for remuneration (including pension and severance pay) and other terms of employment of Executives and Non-Executive Directors, and recommending to the board, all remuneration, in whatever form, payable to senior management.
- b) reviewing and recommending to the Board regarding share and share-based incentive programs, if any, to be decided upon by the shareholders in the General Meeting;
- c) formulating criteria of qualifications and positive attributes to assist the Company in identifying eligible individuals for the office of Executives;
- d) monitoring and evaluating programs for variable remuneration including profit-based commission, if any, both ongoing and those that have ended during the year, for Executives and Non-Executive Directors;
- e) monitoring and evaluating the application of this Policy;

## **VII. PRINCIPLES FOR SELECTION OF INDEPENDENT DIRECTORS:**

The nomination of the Independent Directors of the Company shall be in accordance with the principles as stated hereunder and other relevant provisions of Applicable Law:

- (a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- (b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company or member of the promoter group of the Company;
- (ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- (c) who has or had no pecuniary relationship, apart from receiving Director's remuneration or having transaction not exceeding ten per cent. of his total income or such amount as may be prescribed, with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the three immediately preceding financial years or during the current financial year;
- (d) none of whose relatives—

(i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the three immediately preceding financial years or during the current financial year:

Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;

(ii) is indebted to the Company, its holding, subsidiary or associate company or their promoters, or directors, for an amount of fifty lakhs rupees or more at any time or such amount as may be prescribed during the three immediately preceding financial years or during the current financial year;

(iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for an amount of fifty lakhs rupees or more, at any time or such amount as may be prescribed during the three immediately preceding financial years or during the current financial year; or

(iv) has or had any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company or their promoters, or directors amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii) during the three immediately preceding financial years or during the current financial year;;

(e) who, neither himself nor any of his relatives—

(i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years.

(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—

(A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

(B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;

(iii) holds together with his relatives two per cent. or more of the total voting power of the company; or

(iv) is a Chief Executive or director, by whatever name called, of any non profit organisation that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company;

(v) is a material supplier, service provider or customer or a lessor or lessee of the Company;

f) is not a non-independent director of another company on the board of which any non-independent director of the Company is an independent director;

g) is not less than 21 years of age.

For every appointment of Independent Director, the Committee shall:

a. Evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director;

b. Ensure that the person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description.

For the purpose of identifying suitable candidates, the Committee may:

1. use the services of an external agency, if required;
2. consider candidates from a wide range of backgrounds, having due regard to diversity; and
3. consider the time commitments of the candidates.

The nomination of the Independent Directors of the Company shall be in accordance with the provisions of Applicable Laws. Also, the Committee shall be responsible to determine whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

#### **VIII. OVERALL CRITERIA FOR SELECTION OF EXECUTIVES**

The assessment for Senior Management will be done on the basis of below parameters by the concerned interview panel of the Company -

a) Competencies:

- Necessary skills (Leadership skills, Communication skills, Managerial skills, etc.)
- Experience & education to successfully complete the tasks.
- Positive background reference check.

b) Capabilities:

- Suitable or fit for the task or role.
- Potential for growth and the ability and willingness to take on more responsibility.
- Intelligent & fast learner, good leader, organiser & administrator, good analytical skills, creative & innovative.

c) Compatibility:

- Can this person get along with colleagues, existing and potential clients and partners.
- Strong Interpersonal Skills.
- Flexible & Adaptable.

d) Commitment:

- Candidate's seriousness about working for the long term
- Vision & Aim

e) Character:

- Ethical, honest, team player

f) Culture:

- Fits with the Company's culture. (Every business has a culture or a way that people behave and interact with each other. Culture is based on certain values, expectations, policies and procedures that influence the behavior of a leader and employees. Employees who don't reflect a company's culture tend to be disruptive and difficult)
- Presentable & should be known for good social & corporate culture.

#### **IX. GENERAL POLICIES FOR REMUNERATION**

The various remuneration components would be combined to ensure an appropriate and balanced remuneration package.

1. **A fixed base salary** - set at a level aimed at attracting and retaining executives with professional and personal competence, showing good performance towards achieving Company goals.

2. **Perquisites** - in the form of house rent allowance/ accommodation, furnishing allowance, reimbursement of medical expenses, conveyance, telephone, leave travel, etc.

3. **Retirement benefits** - contribution to provident fund, superannuation, gratuity, etc. as per Company rules, subject to Applicable Law.

4. **Motivation/ Reward** - A performance appraisal to be carried out annually and promotions/ increments/ rewards are to be decided by Managing Director based on the appraisal and recommendation of the concerned Head of Departments, where applicable.

5. **Severance payments** - in accordance with terms of employment, and applicable statutory requirements, if any.

A. Any remuneration payable to the Executives of the Company shall abide by the following norms -

- i. The base salary shall be competitive and based on the individual Executive's key responsibilities and performance;
- ii. Base salaries would be based on a function-related salary system and be in line with the market developments shown by the benchmark research and additional market studies. The annual review date for the base salary would be April 1 or any other date as may be determined by the Committee from time to time, subject to the Company's Policy;
- iii. The Executives will be entitled to customary non-monetary benefits such as Company cars, phone and such other fixed entitled benefits;
- iv. Pension contributions shall be made in accordance with applicable laws and employment agreements;
- v. The Executives resident outside India or resident in India but having a material connection to or having been resident in a country other than India, may be offered pension benefits that are competitive in the country where the Executives are or have been resident or to which the Executives have a material connection, preferably defined-contribution plans;
- vi. A Non-Executive Director may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board, as permissible under Applicable law;
- vii. If any Director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, under the Applicable law, such remuneration shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive the recovery of any sum refundable to it;
- viii. A Director who is in receipt of any commission from the Company and who is a Managing or whole-time Director of the Company shall not be disqualified from receiving any remuneration or commission from any holding or subsidiary company of the Company, subject to its disclosure by the Company in the Board's report and in accordance with the Applicable Law.
- ix. The Company may adopt a share-based incentive program for the Executives in accordance with Applicable Law;
- x. In case of inadequate or no profits in a financial year, a Director may be paid minimum remuneration in accordance with Schedule V of the Companies Act, 2013, subject to passing of an ordinary resolution. The Company may pay remuneration in excess of the limits specified in the Schedule, by passing a special resolution of its members;
- xi. The Company shall make necessary disclosure of remuneration of the Executives and the salient features of the Policy along with the web link of the Policy in its Annual Report as may be required under Applicable Law.

- B. Any fee/ remuneration payable to the non-executive Directors of the Company shall abide by the following norms –
- i. If any such Director draws or receives, directly or indirectly, by way of fee/ remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, under the Applicable law such remuneration shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive the recovery of any sum refundable to it;
  - ii. Such Director(s) may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board, as permissible under Applicable law.
  - iii. An independent Director shall not be entitled to any stock option and may receive remuneration only by way of fees and reimbursement of expenses for participation in meetings of the Board or committee thereof and profit related commission, as may be permissible under the Applicable law.
  - iv. In case of inadequate or no profits in any financial year, a Non-Executive Director may be paid minimum remuneration exclusive of any fees payable under section 197(5) of the Companies Act, in accordance with Schedule V of the Companies Act, 2013. The Company may pay remuneration in excess of minimum limit specified in the Schedule, by passing a special resolution of its members.

#### **X. NOTICE OF TERMINATION AND SEVERANCE PAY POLICY**

The notice of Termination and Severance pay shall be as per the terms of appointment as mentioned in the employment agreement or letter of appointment.

#### **XI. DISCLOSURE AND DISSEMINATION**

- i. The Policy shall be disclosed in the Board's report to shareholders of the Company.
- ii. The Company shall place the Policy on its website.
- iii. The annual report of the Company would specify the details of remuneration paid to Directors.
- iv. The Company is required to publish its criteria of making payments to non-executive Directors in its annual report. Alternatively, this may also be put up on the Company's website and reference be drawn in the annual report.

#### **Notes:**

1. Based on the recommendation of the Nomination & Remuneration Committee at its meeting held on 15<sup>th</sup> May, 2015, the policy was approved and adopted by the Board of Directors of the Company at its meeting held on 15<sup>th</sup> May, 2015.

2. The Policy was amended in order to align the same with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, by the Nomination & Remuneration Committee at its meeting held on 10<sup>th</sup> February, 2016 and recommended to the Board of Directors for their approval. The Board of Directors of the Company at its meeting held on 10<sup>th</sup> February, 2016 approved the amended policy.

3. The Policy was further amended in order to align the same with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [as amended by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2018], by the Nomination & Remuneration Committee at its meeting held on 30<sup>th</sup> May, 2019 and recommended to the Board of Directors for their approval. The Board of Directors of the Company at its meeting held on 30<sup>th</sup> May, 2019 approved the amended policy.

4. The Policy has been further amended in order to align the same with the Companies Act, 2013 [as amended by the Companies (Amendment) Act, 2020], by the Nomination and Remuneration Committee at its meeting held on 16<sup>th</sup> June, 2021 and recommended to the Board of Directors for their approval. The Board of Directors of the Company at its meeting held on 16<sup>th</sup> June, 2021 approved the amended Policy.

5. The Policy has been further amended pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021 read with the corrigendum dated August 6, 2021, by the Nomination and Remuneration Committee at its meeting held on 10<sup>th</sup> August, 2022 and recommended to the Board of Directors for their approval. The Board of Directors of the Company at its meeting held on 10<sup>th</sup> August, 2022 approved the amended Policy.

6. The Policy was further revised by the Nomination and Remuneration Committee at its meeting held on 25<sup>th</sup> May, 2023 and recommended to the Board of Directors for their approval. The Board of Directors of the Company at its meeting held on 25<sup>th</sup> May, 2023 approved the revised Policy.

7. The Policy has further been revised by the Nomination and Remuneration Committee at its meeting held on 12<sup>th</sup> February, 2024 and recommended to the Board of Directors for their approval. The Board of Directors of the Company at its meeting held on 12<sup>th</sup> February, 2024 approved the revised Policy.