

# **SHRI GANG INDUSTRIES AND ALLIED PRODUCTS LIMITED**

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## **NOMINATION AND REMUNERATION POLICY** **SHRI GANG INDUSTRIES AND ALLIED PRODUCTS LIMITED**

### **Introduction**

The Nomination & Remuneration Policy ("Policy") of Shri Gang Industries and Allied Products Limited ("SGIAPL" or "Company") is revised and formulated under the requirements of applicable laws, including the Companies Act, 2013 as amended from time to time and approved by board of directors of the company.

The Policy is intended to set out criteria to pay equitable remuneration to the Directors, Key Managerial Personnel (KMP), senior management (as defined below) and other employees of the Company and to harmonise the aspirations of human resources with the goals of the Company.

### **Objective and Purpose**

The objectives and purpose of this Policy are:

- i. To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a director (executive/nonexecutive/independent) of the Company ("Director"); and
- ii. To recommend policy relating to the remuneration of the Directors, KMP and Senior Management to the Board of Directors of the Company ("Board").

This includes reviewing and approving corporate goals and objectives relevant to the compensation of the executive Directors, evaluating their performance in light of those goals and objectives and either as a committee or together with the other independent Directors (as directed by the Board), determine and approve executive Directors' compensation based on the evaluation; making recommendations to the Board with respect to KMP and Senior Management compensation subject to the approval of board.

### **Definitions**

- a. **'Board'** means Board of Directors of the Company.
- b. **'Directors'** means a person as defined in section 2(34) of Companies Act, 2013 and presently appointed as directors of the Company.
- c. **'Committee'** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable Listing Regulations.
- d. **'Company'** means Shri Gang Industries and Allied Products Limited.
- e. **'Independent Director'** means a Director referred to in Section 149(6) of the Companies Act, 2013 and rules framed thereunder.
- f. **'Key Managerial Personnel (KMP)'** means-

- the Managing Director or Chief Executive Officer or manager
- Whole-time Director
- Company Secretary
- such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- Any other person as defined under the Companies Act, 2013 from time to time

g. **'Senior Management'** means officers/personnel of the Company who are members of its core management team.

The core management team includes Chief Executive Officer, Managing Director & Whole-time Director, Head-HRD, Chief Financial Officer and Company Secretary.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013.

### **Constitution of the Nomination and Remuneration Committee**

The Nomination and Remuneration Committee of the Company shall consist of three or more non-executive directors out of which not less than one-half are independent directors. The Chairman of the Committee is an Independent Director. However, the chairperson of the company (whether executive or nonexecutive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.

The Board has authority to reconstitute this Committee from time to time.

### **Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee**

- i. formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel, Senior Management Personnel of the Company;
- ii. formulate the criteria for evaluation of performance of independent directors and the board of directors;
- iii. devising a policy on diversity of board of directors;
- iv. 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;
- v. determining 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;
- vi. recommend to the board, all remuneration, in whatever form, payable to senior management

### **Policy for appointment and removal of Directors, KMP and Senior Management**

The Board believes that its membership should comprise directors with an appropriate mix of skills, experience and personal attributes that will best complement board effectiveness, cohesion and diversity and allow the directors to individually, and as a Board collectively, to:

- (a) Discharge their responsibilities and duties under the law effectively and efficiently;
- (b) Understand the business and environment in which the company operates so as to be able to agree with management the objectives, goals and strategic direction which will maximize shareholder's value; and
- (c) Assess the performance of management in meeting those objectives and goals.

Accordingly, in selecting potential new Directors, the Nomination and Remuneration committee will seek to identify the competencies required to enable the Board to fulfill its responsibilities. In doing so, the Committee will have regard to the following:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person identified for appointment as Director, KMP or Senior Management and recommend to the Board his/her appointment.
2. A person to be appointed as Director, KMP or Senior Management 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 position.
3. The Company shall not appoint or continue the employment of any person as Managing Director, Whole Time Director who has attained the age of Seventy years and. Provided that the term of the person holding this position may be extended at the discretion of the committee beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
4. A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of the Company.

### **Term / Tenure**

#### **1. Managing Director / Whole-time Director**

The Company shall appoint or re-appoint any person as its Managing Director and CEO 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 term.

#### **2. 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.

## **Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

## **Retirement**

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Directors, KMP and Senior Management in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

While recognizing that each Director will not necessarily fulfill all criteria, the Nominations and Remuneration Committee have identified the following fundamental factors as relevant to the selection and appointment of new Directors:

- a. Outstanding in capability with extensive and senior commercial experience;
- b. High level of personal integrity; and
- c. Time available to meet the commitment required.

## **Policy relating to the remuneration for Directors, KMP and Senior Management Personnel**

1. The remuneration / compensation / commission etc. to be paid to Directors will be determined by the Committee and recommended to the Board for approval.
2. The remuneration and commission to be paid to the Managing Director/Whole-time Director shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managing Director/ Whole-time Director.
4. Where any insurance is taken by the Company on behalf of its Directors, KMP and Senior Management for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.  
Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

## **Remuneration to other employees**

- The remuneration for rest of the employees is determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity and market conditions.
- The various remuneration components, basic salary, allowances, perquisites etc. may be combined to ensure an appropriate and balanced remuneration package.
- The annual increments paid to the employees shall be determined based on the appraisal carried out by the HR.

### **Minimum remuneration to Whole-time Directors/Managing Directors**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

### **Provisions for excess remuneration**

If any Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the approval required under the Act, he/ she shall refund such sums to the Company as prescribed under the Act and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless approved by the shareholder as prescribed under the Act.

### **Remuneration to Non-Executive / Independent Directors**

1. **Remuneration:** The remuneration payable to each Non-Executive Director is based on the remuneration structure as determined by the Board, and is revised from time to time, depending on individual contribution, the Company's performance, and the provisions of the Companies Act, 2013 and the rules made thereunder and listing regulations.
2. **Stock incentive:** The Independent Directors shall not be entitled to any stock incentive of the Company.
3. **Sitting Fees:** The Non-Executive/ Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of sitting fees shall be subject to limits as provided under the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.
4. **Commission:** The Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act and as per the criteria approved by the Board from time to time.

The Board of Directors will fix the Commission payable to Directors on the basis of number of Board/Committee meetings attended during the year, Chairmanships of Committees and based on contribution and participation of Directors of the Company and their involvement in Company's strategic matters

### **Succession planning for appointment of Directors, and KMP's**

Pursuant to Regulation 17(4) of the Listing Regulations, the Board is required to ensure that plans are in place for orderly succession for the Board.

Accordingly, the NRC has formulated the following criteria and related procedures in relation to Succession plan for the Board and KMPs:

- The NRC shall identify suitable persons based on the criteria of the Company and the vacancy that has arisen, for the position of Director, Independent Director and/ or KMP.
- NRC shall apply a due diligence process to determine the suitability of every person who is being considered for being appointed or re- appointed as a Director, Independent Director and/ or KMP

based on their educational qualifications, relevant experience and track record, and any other criteria, as necessary under the internal policies of the Company, the Act and the Listing Regulations. All appointments or re-appointments of persons falling within the applicability of this Policy shall be subject to prior recommendation by NRC.

The appointment, re-appointment or removal of the person at the Board and KMP level shall be recommended by NRC and approved by the Board.

### **Board Diversity**

The Board shall have an optimum composition of directors related to gender, age, expertise from different fields i.e., Finance, Law, Management, Sales, Marketing or any other areas related to the Company's business. The balance of Skills and experience along with diversity of thought, knowledge and perspective and gender will help the Company in attainment of its objectives.

### **Roles and Duties of the NRC**

The duties of the Committee in relation to nomination matters include:

- a. Identifying and recommending Directors who are to be put forward for retirement by rotation.
- b. Determining the appropriate size, diversity and composition of the Board.
- c. Setting a formal and transparent procedure for selecting new Directors for appointment to the Board.
- d. Developing a succession plan for the Board and Senior Management and regularly reviewing the plan.
- e. Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective.
- f. Delegating any of its powers to one or more of its members or the Secretary of the Committee.
- g. Recommend any necessary changes to the Board.
- h. Considering any other matters as may be requested by the Board.

The duties of the Committee in relation to remuneration matters include:

- a. to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- b. to approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and variable pay [if any] reflecting short and long term performance objectives appropriate to the working of the Company.
- c. to delegate any of its powers to one or more of its members or the Secretary of the Committee.

- d. to consider any other matters as may be requested by the Board.

#### **Review and Amendment**

- a. This Policy is framed based on the provisions of the Companies Act, 2013 and rules made thereunder.
- b. In case of any subsequent changes in the provisions of the Companies Act, 2013 which makes any of the provisions in the policy inconsistent with the Act, then the provisions of the Act would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.
- c. The Board or the Nomination and Remuneration Committee of the Board may review the Policy as and when it deems necessary. The right to interpret/amend/modify this Policy vests in the Board of Directors of the Company.
- d. This Policy may be amended or substituted by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy. However, no such amendment or modification will be binding on the Directors and employees unless the same is communicated in the manner described as above.
- e. This policy as amended from time to time shall be made available on the website of the Company.

*This Policy is amended and approved by the Board on August 13, 2022.*