



# **FACOR ALLOYS LIMITED**

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## **NOMINATION AND REMUNERATION POLICY**

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**(As approved by the Board of Directors on 13<sup>th</sup> February 2019)**



# FACOR ALLOYS LIMITED

## NOMINATION AND REMUNERATION POLICY

Effective from 1<sup>st</sup> April, 2014

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### Introduction:

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors.

### I Objectives

#### The objective and purpose of this policy are:

- a) To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- b) To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the Ferro Alloys industry.
- c) To formulate criteria or manner for effective evaluation of performance of Board, its committee and individual directors and review its implementation and compliance.
- d) Devising a policy on diversity of Board of Directors.
- e) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- f) In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on 13th February, 2015 and has been modified subsequently and approved on 13th February, 2019.

### II Effective Date:

This policy shall be effective from the date of adoption by the Board of Directors of the Company and shall stand modified from the date of its approval, from time to time, by the Board of Directors of the Company.

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

The Board has changed the nomenclature of Remuneration Committee constituted earlier by renaming it as Nomination and Remuneration Committee on 29th May, 2014.

The Committee shall comprise of at least 3 Directors, all of whom shall be Non-Executive Directors and at least half shall be Independent Directors.

The quorum for the meeting of the Nomination and Remuneration Committee shall either be two members or one third of the total strength of the committee, whichever is higher (including at least one Independent Director in attendance).

The Chairman of the Committee shall be an Independent Director.

The Nomination and Remuneration Committee shall meet at least once in a year.

The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirement.

### **IV Definitions**

- a) Board means Board of Directors of the Company.
- b) Directors mean Directors of the Company.
- c) Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- d) Company means Facor Alloys Limited.
- e) Independent Director means a director referred to in Section 149 (6) of the Companies Act, 2013.
- f) Key Managerial Personnel (KMP) means-
  - (i) Chairman and Managing Director
  - (ii) Joint Managing Director;
  - (iii) Dy. Chief Financial Officer;
  - (iv) Company Secretary;
- g) Senior Management personnel means personnel of the Company occupying the position of Chief Executive (CE) of any unit / division of the Company.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

### **V Applicability**

#### **The Policy is applicable to**

- a) Directors (Executive and Non Executive)
- b) Key Managerial Personnel
- c) Senior Management Personnel

### **VI General**

- a) This Policy is divided in three parts viz.,
  - Part – A covers the matters to be dealt with and recommended by the Committee to the Board,
  - Part – B covers the appointment and nomination; and
  - Part – C covers remuneration and perquisites etc.
- b) The key features of this Company's policy shall be included in the Board's Report.

## **PART – A**

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

The Committee shall:

- i) 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;
- ii) Formulate the criteria for evaluation of performance of independent directors and the board of directors;
- iii) Extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent 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) Devise a policy on diversity of board of directors;
- vi) Recommend to the Board, appointment and removal of Director and KMP.

## **PART – B**

### **Policy for appointment and Removal of Director, KMP and Senior Management**

#### **i) Appointment criteria and qualifications:**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person 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 are sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint of any person as Whole-time Director who has attained the age 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 shareholders by passing a special resolution based on the explanatory statement to be annexed to the notice for such motion indicating the justification for appointment, extension of appointment beyond seventy years.
- d) The Company shall not appoint of any person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate justification for appointing such a person.

#### **ii) Term / Tenure:**

- a) Managing Director/Whole-time Director:

- The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive 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.

b) 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 number of Boards on which such Independent Director serves, is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

c) Evaluation:

The Committee shall formulate criteria for evaluation of performance of Independent Directors and the Board of Directors.

d) 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 Personnel subject to the provisions and compliance of the said Act, rules and regulations.

e) Retirement:

The Director, KMP and Senior Management Personnel 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 Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

f) Board Diversity:

The Board of the Company may consciously be drawn in a manner that at least one director from each of the following field is on the Board of the Company.

1. Banking and finance,
2. Legal and general administration,
3. Any other field as may be decided by the Nomination and Remuneration Committee of the Company.

## **PART – C**

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

#### **a) General:**

- i) The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval.

The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company, wherever required.

- ii) The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.
- iii) 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 in the case of Whole-time Director. Increments will be effective from 1<sup>st</sup> April, as applicable in respect of a Whole-time Director and other employees of the Company.
- iv) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees 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.

## **b) Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:**

- i) Fixed pay:

The Whole-time Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration (with suitable grade) as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites and allowances including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders, wherever required.

- ii) Minimum Remuneration:

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

- iii) Provisions for excess remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed without approval required under the Companies Act, 2013, he / she shall refund such sums to the Company, within two years or such lesser period as may be allowed by the company and until such sum is refunded, hold it in trust for the Company.

## **c) Remuneration to Non- Executive / Independent Director:**

- i) Remuneration / Commission:

The remuneration / commission shall be fixed as per the provisions of the Companies Act, 2013 and the rules made thereunder.

- ii) 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 such fees shall not exceed the amount prescribed under the Companies Act, 2013 from time to time.

iii) Commission:

Commission may be paid to the Whole time Directors as may be decided by the Board of Directors within the monetary limit approved by shareholders, computed as per the applicable provisions of the Companies Act, 2013.

iv) Stock Options:

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

## **VII Review**

This policy shall be reviewed at a minimum at least every year to ensure it meets the requirements of legislation and the needs of organization.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.