

GALLANTT ISPAT LIMITED
(Formerly known as Gallantt Metal Limited)

NOMINATION AND REMUNERATION POLICY

PREAMBLE

Pursuant to Section 178 of the Companies Act, 2013 and the Rules framed thereunder (as amended from time to time) (the “Act”) and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) (the “SEBI Listing Regulations”), the Board of Directors of every listed company is required to constitute the Nomination and Remuneration Committee.

OBJECTIVE

In order to comply with the requirements of Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations and any other applicable provisions, the Nomination and Remuneration Committee of the Board of Directors of the Company (the “Committee”) had formulated this policy (the “Policy”).

The key objectives of the Policy are as follows:

- a) To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive/Non-Executive) and recommend to the Board of Directors of the Company (the “Board”), policies relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
- b) For every appointment of an Independent Director, the Nomination and Remuneration Committee shall 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. 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:
 - use the services of an external agencies, if required;
 - consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - consider the time commitments of the candidates

- c) To formulate criteria for evaluation of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- d) identifying 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.
- e) 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.
- f) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- g) To devise a Policy on Board Diversity.
- h) To determine whether to extend or continue the term of appointment of the Independent Director(s), on the basis of the report of performance evaluation of Independent Directors.
- i) To develop a succession plan for the Board and to regularly review the plan.
- j) recommend to the board, all remuneration, in whatever form, payable to senior management.

DEFINITIONS

- a. **"Act"** means the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time.
- b. **"Board"** means the Board of Directors of the Company.
- c. **"Directors"** shall mean Directors of the Company.
- d. **"Key Managerial Personnel"** or **"KMP"** means:

in relation to a Company as defined sub-section 51 of Section 2 of the Companies Act, 2013, means and includes:

- i. **the Chief Executive Officer or the managing director or the manager;**
- ii. **the company secretary;**
- iii. **the whole-time director;**
- iv. **the Chief Financial Officer;**
- v. **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**
- vi. **such other officer as may be prescribed**

- e. **“Senior Management”** shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall 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 Company Secretary and Chief Financial Officer.
- f. **“Independent Director”** means a director referred to in Section 149(6) of the Act.

CONSTITUTION OF NOMINATION AND REMUNERATION COMMITTEE

1. The Board of Directors shall constitute the Nomination and Remuneration Committee as follows:
 - i. the committee shall comprise of at least three directors;
 - ii. all directors of the committee shall be non-executive directors; and
 - iii. at least two-thirds of the directors shall be independent directors
2. The Chairperson of the Committee shall be an Independent Director.
3. Chairperson of the Company may be appointed as a member of the Committee but shall not chair such Committee.
4. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson other than chairperson of the Company.
5. The Chairperson of the Committee may be present at the annual general meeting, to answer the shareholders' queries; however, it shall be up to the Chairperson to decide who shall answer the queries.
6. The quorum for a meeting of the Committee shall be either two members or one third of the members of the Committee, whichever is greater, including at least one Independent Director in attendance.
7. The Nomination and Remuneration Committee shall meet at least once in a year

DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

The responsibility and duties of Nomination and Remuneration Committee are defined below covering their scope of work:

1. Reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with the objective to diversify the Board.
2. Identifying individuals suitably qualified to be appointed as the KMPs or in the senior management of the Company.
3. Formulating framework and/or policy for remuneration, terms of employment and any changes, including service contracts, remuneration, policy for and scope of pension arrangements, etc for Executives and reviewing it on a periodic basis.
4. Formulating terms for cessation of employment and ensure that any payments made are fair to the individual and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognized.
5. Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
6. To approve the remuneration of the Senior Management including Key Managerial Personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company.
7. The Committee also co-ordinates and oversees the annual self-evaluation of the performance of the Board, Committees and of individual Directors.
8. Exercising such other roles assigned to it by the provisions of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and any other laws and their amendments from time to time.

APPOINTMENT AND REMOVAL OF DIRECTORS, KMPs AND SENIOR MANAGEMENT

A. Appointment criteria and qualifications:

- i. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or Senior Management and recommend to the Board his/her appointment.
- ii. A person should possess adequate qualification, expertise and experience for the position he /she is considered for appointment. The Committee has

the discretion to decide whether qualifications, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position.

- iii. The Company shall not recommend or appoint or continue the employment of any person as the Managing Director, Whole-time director or Manager within the meaning of the Act, who has attained the age of 75 (seventy five) years. Provided that the appointment of such a person who has attained the age of 75 (seventy five) years shall be made with the approval of the Shareholders by passing a special resolution, based on the explanatory statement annexed to the notice for the Meeting of the Shareholders for such motion indicating the justification for appointment or extension of appointment beyond the age of 75 (seventy five) years.

B. Term/Tenure:

i. 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 5 (five) years at a time. No re- appointment shall be made earlier than 1 (one) year before the expiry of term.

ii. Independent Director:

- a) An Independent Director shall hold office for a term up to 5 (five) consecutive years on the Board 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.
- b) No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of 3 (three) years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of 3 (three) years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- c) At the time of appointment of Independent Director(s) it should be ensured that number of Boards on which such Independent Director serves is restricted to 7 (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 or such other number as may be prescribed under the Act or the SEBI Listing Regulations.

D. Evaluation:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management at regular intervals (yearly).

The evaluation of performance of the Board, its Committees and Individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

The evaluation of independent directors shall be done by the entire board of directors which shall include –

- a) performance of the directors; and
- b) fulfilment of the independence criteria as specified in these regulations and their Independence from the management:

Provided that in the above evaluation, the directors who are subject to evaluation shall not participate.

E. Removal:

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

F. Retirement:

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

G. Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management:

- i. The remuneration/compensation/commission etc. to the Whole-time Director, KMP and Senior Management 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 and Central Government, wherever required.

- ii. The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down as per the provisions of the Act.
- 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 or as laid down as per the provisions of the Act.

H. Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management:

i. Fixed Pay

The Whole-time / Executive / Managing Director / KMP and Senior Management 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 and quantum of perquisites including but not limited to, employer's contribution to Provident Fund (P.F.), Superannuation Fund, Pension Scheme, medical expenses, club fees, leave travel allowance, etc. shall be decided and approved by the Board/the Person authorized by the Board on the recommendation of the Committee and approved by the Shareholders and Central Government, 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/Executive/Managing Director in accordance with the provisions of Section 197 of the Act and Schedule V to the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

iii. Provisions for excess remuneration:

If any Whole-time / Executive / Managing 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 prior sanction of the Central Government, where required, he / she shall refund such sums to the Company 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 permitted by the Central Government.

I. Remuneration to Non-Executive / Independent Directors:

i. Remuneration / Profit Linked Commission:

The remuneration/profit linked commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

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 maximum amount as approved by the Board of Directors subject to the provisions of the Companies Act, 2013.

iii. Limit of Remuneration /Profit Linked Commission:

Remuneration /profit linked Commission may be paid within the monetary limit approved by shareholders, subject to the limit as specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

iv. Stock Options:

Promoter Directors, Nominee Directors and Independent Directors shall not be entitled to any stock option of the Company.

J. Separate Meeting of Independent Directors:

- i. The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of the management, to review the performance of Board as a whole, taking into account the views of executive directors and Non-executive Directors.
- ii. All the Independent Directors of the company shall strive to be present at such meeting.
- iii. The meeting shall assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

BACKGROUND

The Steel industry is a capital-intensive industry. Most of the units owned by the Company entails substantial capital outlays.

A large proportion of the financing of the Company is through equity capital. With a low level of borrowing in proportion to equity capital, the outlay on dividend forms a substantial part of the cost of capital. It is the Company's endeavour to maintain and pay dividend keeping market expectations in mind. The dividend paid as a proportion of earnings has been maintained accordingly.

The prevailing Governmental and geopolitical environment directly impacts profit in the steel industry. Infrastructural development, both domestic and foreign, depends on factors that are beyond the control of the Company.

AMENDMENT TO THE POLICY

The Board may review or amend this Policy, in whole or in part, from time to time, after taking into account the recommendations from the Committee.

Policy revised w.e.f. 01.04.2023
