

## **REMUNERATION POLICY of GANDHI SPECIAL TUBES LIMITED**

### **Introduction:-**

Pursuant to Section 178(3) of the Companies Act, 2013 and Clause 49 (IV) (B) of the Listing Agreement, the Company has framed a policy called “**Remuneration Policy**” to ensure the payment of equitable, competitive remuneration to all Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company.

### **Definition**

All the words and phrases used herein should be construed or understood as defined and explained under the Companies Act, 2013.

### **Effective Date**

This Policy shall become effective with effect from 1<sup>st</sup> November, 2014.

### **Objective of the Remuneration Policy:**

- Ensure that the remuneration of Directors, KMP, Senior Management Personnel and other employees of the Company is appropriate and reasonable to attract, retain and motivate employees of the company at all levels.
- Encourage employees to achieve highest level of performance.
- Provide for consistency in remuneration throughout the Company and to align the performance of business of the Company with the performance of Directors, KMP and Senior Employees of the Company.
- To ensure compliances and maintain high standards to governance
- The Company is able to attract, develop and retain high-performing and motivated Executives in a competitive manner and to contain attrition rate of KMP, Senior Management Personnel and other employees.

### **Functions of the Nomination and Remuneration Committee:**

The Committee to ensure that remuneration or pay package is based on individual performance, Company's benchmark, Industry practices and performance of the Company as a whole. The Committee shall have following functions:-

- To formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.
- To formulate criteria for evaluation of Independent Directors and the Board.
- To devise a policy on Board diversity.
- 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 to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

- Monitoring and evaluating current remuneration structures and levels in the Company.
- Such other roles and responsibilities as are cast under the Companies Act or Listing Agreement from time to time.

#### **Appointment of Director, KMP and Senior Management:**

- 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.
- 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 is satisfactory for the concerned position.
- Appointment of Independent Directors is subject compliance of provisions of section 149 of the Companies Act, 2013, read with schedule IV and rules there under and Listing Agreement.
- The Company shall not appoint or continue the employment of any person as Whole-time Director or Managing Director or Manager who has attained the age of 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 annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

#### **Tenure:**

##### **Managing Director/Whole time Director:**

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

##### **Independent Director:**

Subject to the provisions of the applicable Regulations, 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(s) of such appointment in the Board's report.

Provided that a person who has already served as an independent director for five years or more in a company, shall be eligible for appointment, on completion of his present term, for one more term of up to five years only.

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 or such prescribed period by the Statutory Authority from time to time.

**Evaluation:**

The Committee shall carry out evaluation of performance of every Director, KMP at regular interval (yearly).

**Removal:**

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 of the Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.

**Executive and Non Executive Directors**

- The remuneration paid to Executive and Non-Executive Directors shall be recommended by the Nomination and Remuneration Committee and to be approved by the Board of Directors, subject to the subsequent approval by the shareholders at the general meeting and Central Government, as the case may be.
- The remuneration for Executive Directors shall be fixed by considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry, future contribution and the financial position of the Company. The elements of the remuneration and limits are as per Sections 178, 197 and Section V of the Companies Act 2013 and also Clause 49 of the Listing Agreement.
- If in any financial year during the tenure of the Executive Directors, the company has no profits or its profits are inadequate, they shall be paid the remuneration as decided above, as the minimum remuneration in terms of Section 197 read with Schedule V to the Companies Act, 2013, with the approvals of shareholders and Central Government, as the case may be.
- The Non-Executive and Independent Directors of the Company would be paid sitting fees after considering the within the permissible limits prescribed under the Companies Act, 2013 and rules framed thereunder for attending meetings.
- Independent Directors shall not be entitled to stock options or bonus, pension or incentives.

**Remuneration Policy for Key managerial personnel, senior management & staff**

The KMP, Senior Management Personnel and other employees of the Company shall be paid monthly remuneration as per the Company's policies and/or as may approved by the Committee. The break- up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses etc. shall be as per the Company's policies. Annual increments and bonus for the KMP, Senior Management Personnel and other employees of the Company shall be decided by the Managing Director of the Company.

This Remuneration Policy shall apply to all future, continuing employment, engagement(s) with the Company. In other respects, the Remuneration Policy shall be of guidance for the Board and Nomination and Remuneration Committee. Any departure from the policy shall be recorded and reasoned in the Committee and Board meeting minutes.

**Amendment to the Policy:**

The Board of Directors on its own and/or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

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.

**Disclosure and Dissemination**

The Company shall place the Policy on its website and make such disclosures or dissemination as may be required under the Act and Listing Agreement.

\*\*\*\*\*