



SUNFLAG IRON AND STEEL COMPANY LIMITED

REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

REMUNERATION POLICY

1. INTRODUCTION:

The Board of Directors (the "Board") of **Sunflag Iron and Steel Company Limited** (the "Company") has adopted this Policy on appointment and remuneration of the Directors, Key Managerial Personnel ('KMP') and other employees ('the Policy') as required by the provisions of Section 178 of the Companies Act, 2013 ('the Act') and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

2. Definitions:

Act shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

Board of Directors or Board means the Board of Directors of Sunflag Iron and Steel Company Limited, as constituted from time to time.

Independent Director means a director as defined and referred to in Section 2 (47) and 149(6) respectively of the Act and the Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time.

Key Managerial Personnel (the "KMP") shall mean Key Managerial Personnel as defined in Section 2(51) of the Act.

Director means a director appointed to the Board of the Company

Listing Regulations mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications, circulars or re-enactment thereof.

Nomination and Remuneration Committee (NRC), by whatever name called, shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act and the Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").



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Remuneration means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

Senior Management means 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.”]

Words and expressions used and not defined in this Policy, but defined in the Act or any rules framed under the Act or the Securities and Exchange Board of India Act, 1992 and Rules and Regulations framed thereunder or in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) or the Accounting Standards shall have the meanings assigned to them in these Acts, Regulations etc.

3. PURPOSE

The purpose of this Policy is to establish and govern the procedure:

- i) to ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.
- ii) to ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- iii) to ensure that the remuneration to Directors, KMP 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.
- iv) to evaluate the performance of the members of the Board.

4. APPOINTMENT CRITERIA AND QUALIFICATION:

i) For Non-Executive Directors

- a. The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields/areas of manufacturing, steel sector, mining, sales & marketing, accounts &



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finance, taxation, law, projects, strategic planning, administration, public relations, risk management, governance and general management.

b. In case of appointment of Independent Directors, the Nomination and Remuneration Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.

c. The Nomination and Remuneration Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013 and does not suffer from any other disqualification as may be prescribed under the law for the time being in force.

d. The Nomination and Remuneration Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director:

- i. Qualification, expertise and experience of the Directors in their respective fields;
- ii. Personal, Professional or business standing;
- iii. Diversity of the Board.

e. In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

ii) For Executive Directors including Managing/Whole-time Director, Key Managerial Personnel (KMP) and Senior Management Personnel

For the purpose of selection, the Nomination and Remuneration Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board.

The Nomination and Remuneration Committee will also ensure that the incumbent fulfils such other criteria as laid down under the Companies Act, 2013 or other applicable laws.

5. REMUNERATION:

i) For Non-Executive Directors



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The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees and reimbursement of actual travel and out of pocket expenses for participation in the Board / Committee Meetings. The sitting fees shall be determined by the Board based on the recommendation of the Nomination and Remuneration Committee within the limits as prescribed under the applicable provisions of the Companies Act, 2013 and the Rules framed thereunder as amended from time to time.

In addition to the sitting fees, profit related commission may also be paid to the Non-Executive Directors. In determining the amount of commission payable, the Board, supported by the Nomination and Remuneration Committee, shall consider performance of the Company as well as of the Non-Executive Directors as evaluated by the Board.

ii) For Remuneration of Executive Directors including Managing / Whole-time Director, KMP and Senior Management Personnel

a) The Board, on the recommendation of the Nomination and Remuneration Committee, shall review and approve the remuneration payable to the Executive Directors including Managing / Wholetime Directors of the Company and other Key Managerial Personnel of the Company in accordance with the provisions of the Companies Act, 2013 and Rules made thereunder or any other applicable enactment or regulation for the time being in force.

Further, the Managing Director/ Whole time Directors of the Company are authorised to decide the remuneration of Senior Management Personnel and which shall be decided based on the standard market practice and prevailing HR policies of the Company.

b) The remuneration of the Executive Directors including Managing Director/ Whole Time Directors is broadly divided into a fixed component consisting of salary, commission, allowances, perquisites and benefits as per Rules of the Company (within the limits approved by the Board and subject to requisite statutory approvals, if any).

No sitting fee is payable to Executive Directors of the Company for attending the Meetings of the Board and its Committees.

iii) Remuneration to Other Employees

The remuneration packages of other employees are to be formulated in accordance with HR Policy of the Company in force from time to time.



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The decision on annual increments to the remuneration paid to the employees shall be made by the Management considering the appraisal carried out by the HODs of various departments and other relevant factors.

6. TERM:

The Term of the Directors including Managing / Whole time Director / Manager / Independent Director shall be governed as per the provisions of the Companies Act, 2013 and Rules made thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time.

7. REMOVAL:

Due to reasons for any disqualification mentioned in the Companies Act, 2013 or under any other applicable Act, Rules and Regulations there under and / or for any disciplinary reasons and subject to such applicable Acts, Rules and Regulations, the Nomination and Remuneration Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel.

8. RETIREMENT:

The Directors, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013, rules and regulations thereunder, applicable provisions of the Listing Regulations 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, in compliance with the applicable provisions of Law.

9. EVALUATION

The Nomination and Remuneration Committee shall carry out evaluation of performance of Directors including the Independent Directors and the Board and its Committees yearly or at such intervals as may be considered necessary through questionnaire to judge the knowledge to perform the role, time and level of participation, performance of specific duties and obligations, governance issues, professional conduct, independence, contribution at the meetings, safeguarding the minority shareholders interest etc. The appointment/re-appointment/continuation of Directors on the Board shall be based on the outcome of evaluation process.



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The evaluation of performance of the Executive Directors and Chairman will be done by Independent Directors and that of the Independent Directors will be carried out by the entire Board. The results of the evaluation process shall be placed before the Board for its consideration.

10. CONFIDENTIALITY:

The Director, both during and after the term of Appointment, shall not use for his/her own, or for another's benefit, or disclose or permit the disclosure of any confidential information relating to the Company, subsidiary or any group or associate companies of the Company, which he/she may acquire by virtue of his/her position as the director, including without limitation, any information about the deliberations of the Board.

The restriction shall cease to apply to any confidential information which may (other than by reason of the director's breach of this term), become available to the public generally.

11. POLICY ON BOARD DIVERSITY

The Board of Directors shall comprise of Directors having expertise in different areas / fields like Finance, Sales and Marketing, Banking, Engineering, etc. or as may be considered appropriate. In designing the Board's composition, Board diversity has to be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. The Board shall have at least one Board member who has accounting or related financial management expertise and at least a woman Independent Director.

12. REVIEW OF THE POLICY:

The Board and the Nomination and Remuneration Committee will review this Policy on a regular basis to ensure its effectiveness and also compliance with the provisions of law, as amended from time to time.

13. WEBSITE

This Policy shall be hosted on the website of the Company i.e. www.sunflagsteel.com