



NOMINATION & REMUNERATION POLICY

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NOMINATION & REMUNERATION POLICY

1. Introduction

The Nomination and Remuneration Policy has been formulated in accordance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). This policy aims to establish a transparent and fair framework for identifying and recommending individuals for appointments as Directors, Key Managerial Personnel (KMP), and Senior Management Personnel and payment of remuneration to all Directors, Key Managerial Personnel (KMP), Senior Management Personnel and other employees of the Company.

The philosophy for remuneration of Directors, Senior Management Personnel and all other employees of the Company is based on the commitment of fostering a culture of leadership with trust.

2. Applicability

This policy applies to all levels of personnel within the organization to ensure a structured and equitable approach to remuneration and is also applicable to Directors (Executive and Non-Executive), Senior Management Personnel and all other employees of the Company.

3. Definitions

- a) "Act" means the Companies Act, 2013 including any amendment or modification thereof read with Rules related thereto.
- b) "Board" means Board of Directors of the Company
- c) "Company" means "Usha Martin Limited"
- d) "Director" means a person as defined in Section 2(34) of the companies Act, 2013 and presently appointed as a Director in the Company,
- e) "Non-Executive Directors" (NEDs) are members of the Board who do not have management responsibilities within the company. Their role is to provide independent oversight, strategic guidance, and governance support.
- f) "Executive Directors" are members of the Board who are actively involved in the company's day-to-day management and decision-making processes.
- g) Key Managerial Personnel: "Key Managerial Personnel" shall mean the officers of the Company as defined in Section 2 (51) of the Companies Act, 2013 and rules prescribed thereunder.
- h) 'Senior Management' shall mean the officers and personnel of the Company who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and persons identified and designated as key managerial personnel, other than the board of directors, by the listed entity.

4. This Policy has been divided into two parts namely:

- (I) Nomination Criteria;
- (II) Remuneration Policy;

PART A - NOMINATION CRITERIA FOR APPOINTMENTS:

(i) DIRECTORS

The Nomination & Remuneration Committee ("Committee") is responsible for identifying persons who are eligible to be appointed as Directors of the Company and shall recommend the same to the Board.

A) Common selection criteria for Directors

- 1) The Committee will consider candidates who possess particular skills, experience and expertise that will best complement the Board effectiveness at that time.
- 2) In considering the overall balance of the Board's composition, the Committee will give due consideration to the Company's Diversity Policy.
- 3) In its evaluation of candidates for the Board, the Committee will have regard to normally accepted nomination criteria, including but not limited to:
 - a) Appropriate background, experience, industry knowledge or ability to acquire that knowledge, professional skills and qualifications;
 - b) Demonstrated and recognised knowledge, experience and competence in business including financial literacy;
 - c) Ability to analyse information, think strategically and review and challenge management in order to make informed decisions and assess performance;
 - d) Good communication skills and ability to work harmoniously with fellow directors and management;
 - e) Willingness to devote the required time, including being available to attend Board and Committee meetings;
 - f) High levels of personal and professional integrity.
- 4) No person shall be appointed as a Director of the Company unless he has been allotted the Director Identification Number under the Act.
- 5) No person shall be eligible for appointment as a Director of the Company, if
 - a) he is of unsound mind and stands so declared by a competent court;
 - b) he is an undischarged insolvent;
 - c) he has applied to be adjudicated as an insolvent and his application is pending;
 - d) he has been convicted by a court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence;
 - e) an order disqualifying him for appointment as a director has been passed by a court or Tribunal and the order is in force;
 - f) he has not paid any calls in respect of any shares of the company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call;
 - g) he has been convicted of the offence dealing with related party transactions under section 188 of the Act at any time during the last preceding five years.
 - h) he has not complied with sub – section (3) of section 152;
 - i) he has not complied with the provisions of sub – section (1) of section 165;
- 6) No person shall be appointed as a Director of the Company if such person who is or has been a director of a Company which—

- a) has not filed financial statements or annual returns for any continuous period of three financial years; or
 - b) has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more, shall be eligible to be re-appointed as a director of that company or appointed in other company for a period of five years from the date on which the said company fails to do so.
- 7) No person shall hold office as a Director in more than twenty companies subject to a maximum number of public companies in which a person can be appointed as a Director shall not exceed ten.
- 8) No person shall hold office as a Director in more than seven listed entities.
- 9) No person who serves as Whole Time Director/Managing Director in listed entity shall be an Independent Director in more than three listed entities.
- 10) No person shall be appointed as a Director of the Company if such person is on the wilful defaulters list of Reserve Bank of India / Credit Information Bureau (India) Limited.
- 11) No person shall be appointed as a Non-Executive Director of the Company who has attained the age of seventy-five years unless a special resolution is passed to that effect by the shareholders of the Company.

B) Additional Criteria for Independent Directors

In addition to the Clauses (3) to (11) provided in Part A above, while appointing an Independent Director, such person shall satisfy the conditions prescribed in the Act and Listing Regulations and any other applicable laws as amended from time to time.

C) Additional Criteria for Executive Directors

In addition to the above Clauses I(i) (3) to (11) provided in Part A above, a candidate for Executive Director should satisfy the following conditions:

- 1) Has adequate expertise of the industry in which the Company operates;
- 2) The conditions mentioned in Part I of Schedule V of the Act are fulfilled.

(ii) SENIOR MANAGEMENT PERSONNEL

A) Formation of a Recruitment Committee

A Recruitment Committee may be formed consisting of at-least Managing Director or the Whole-time Director/(s) and Head of Human Resources of the respective locations for finalising the need of recruitment, job description, executive search for the candidate.

B) Finalisation of Organisation Structure and Job Description

The above Committee should approve of the position of the new candidate in the overall Organisation Structure and the detailed Job Description. The Job Description should include purpose of the role, qualification and experience required, detailed roles & responsibilities which includes Knowledge role, Advisory role, Operational role and Key Functional Competencies. The Job Description to be prepared by the Head of Human Resources along with the consultation with Managing Director and Whole-time

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Director/(s) The Job Description should be finally approved by the Recruitment Committee after necessary iteration, if required.

C) Executive Search

The CVs of candidates should be searched through Internal/External sources including External Search Agencies as per the Job Description finalised by the Recruitment Committee. The Head of Human Resources of the respective location along with the Managing Director or the Whole-time Director/(s) should shortlist the CVs of candidates as per the criteria mentioned in the Job Description.

D) Interview Process

There should be a four-tier interview process for finalization of a candidate. In the first tier, the candidate is to be interviewed by the Head of Human Resources who shall prepare a note for the Recruitment committee, providing the reasons for short listing/rejecting the candidate.

The shortlisted candidate by the above process, should be thereafter interviewed by the Recruitment Committee. The recommendation of Recruitment Committee shall be placed before the Nomination and Remuneration Committee of the Board of Directors of the Company for consideration who shall further make its recommendation to the Board of Directors of the Company.

E) Background Verification

Before giving an employment offer to the candidate, background verification has to be completed. To complete background verification, the reference check from at least two of his erstwhile colleagues amongst which one has to be his Superior and other can be his colleague, has to be obtained in writing. The reference check should include his work efficiency, integrity, leadership skill, interpersonal skills and emotional quotient. Internally, the Human Resource department should ask for last 3 months pay slips, copies of the academic credentials as well as experience certificates and copy of the release letters of the erstwhile employers where he has indicated to have worked.

F) Remuneration/Compensation

The remuneration has to be finalised on the basis of factors like compensation prevailing in the market in the similar industry, prevailing salary of the other officers in the equivalent grade in the Company and his present salary has to be kept as a reference point. In this connection, it is suggested to go for Salary and Benefit Survey of the Steel/Engineering industry to ascertain the compensation & benefits in similar positions. However, considering the background and potential of the candidate, the Recruitment Committee can finally decide the compensation, higher or lower than the reference points stated above. In this context, it is suggested that the compensation, if thought fit be bifurcated into fixed compensation and variable compensation of this category subject to discretion of the recruitment committee.

G) Employment Offer

Having finalized everything as stated above, an employment offer to be made by the Company, indicating total compensation, designation, job location and date of joining. It should also be mentioned that the offer is subject to medical fitness of the candidate. Upon joining of the candidate, a formal appointment letter along with the detailed terms and conditions of employment should be issued.

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Part B - Remuneration Policy

I. Non-Executive Directors

- a) Sitting Fees: Every Non-Executive Director of the Company shall be entitled to a sitting fee or such amount as may be decided by the Board for attending every Board Meeting and Committee Meeting in which such Director is a member in accordance with the provisions of the Act and Listing Regulations.
- b) Commission: In case of adequate profit Non-Executive Directors shall be entitled to commission upto such percentage of the net profit calculated in the manner as prescribed and allowed under the Act. The above commission shall be apportioned in the manner as may be decided by the Board.
- c) Remuneration to Non- Executive / Independent Directors: In case of inadequate profit Non-Executive / Independent Directors shall be entitled to remuneration not exceeding the limits as prescribed in the Act and Rules made thereunder.
- d) Re-imbursement of travelling and hotel expenses: Non-Executive Directors shall be entitled to reimbursement of expenses on account of travelling and hotel expenses for attending Board and / or Committee Meetings and / or visit to any place on Company's business.

II. Executive Directors

- a) Remuneration payable to Executive Directors shall be fixed from time to time by the Nomination & Remuneration Committee, Board of Directors and Shareholders within the overall ceiling mentioned under the Act.
- b) In case of loss or inadequate profits, the Executive Directors will receive the above remuneration as minimum remuneration as envisaged in the Act.

III. Senior Management Personnel

The remuneration of Senior Management Personnel generally have the following constituents:

- a) Basic salary
- b) House Rent Allowance
- c) Additional Allowance
- d) Special Allowance
- e) Conveyance
- f) Medical
- g) Leave Travelling Allowance
- h) Provident Fund
- i) Gratuity
- j) Superannuation

All senior management personnel of the Company have fixed pay and performance pay based on individual and company performance.

Senior Management Personnel are entitled to retiral benefits like gratuity, provident fund, superannuation, etc. as per the Human Resource Policy of the Company. They are also entitled for benefits and perks as applicable as per Company's Policy.

The annual revision of the salary of senior management personnel will be based on performance as per the annual plan of the preceding year and will be prepared and recommended by Recruitment Committee consisting of at least Managing Director, Whole-time Director/(s) and Head of Human Resources to the Nomination and Remuneration

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IV. Other Employees

The Employees of the Company are divided into two categories viz. Non-Officers or Workmen and Officers or Executives. The Non-Officers or Workmen are unionized. The workmen of Ranchi factory are governed by a 4 year long term settlement arrangement regarding their salary and terms of employment. The workmen of Hoshiarpur factory are unionized but there is no long-term settlement arrangement, however, they receive increments every year and other benefits based on the discretion of management.

This Policy covers Officers/ Executives, which is explained below –

Officers of the Company are divided into 12-13 levels, and all are having Fixed Salary based on the Components viz. Basic, House Rent Allowance, Conveyance, Additional Allowance, Special Allowance, Medical Allowance, Leave Travel Allowance and the contribution to the various Statutory/Retrial Benefits. The above components consist of the total Cost to the Company of the individual Officer. The yearly increment is given based on an increment matrix linked with the appraisal points, finalized by his immediate superior and Executive Director(s) (ED) level. The yearly increments of Deputy General Manager (DGM) and above located at Plants will generally be finalised on recommendation of Plant Head based on performance and subsequently finalised by ED. Apart from the above, the Officers based in the Plants are entitled for Production Incentive.

The following shall be considered for determining remuneration or revision of remuneration:

a) Compensation Survey

To have an Officer Remuneration Survey of the Steel/Engineering Industry and to assess the present Compensation of the Officers given by the Company falls in what percentile of the highest paid Company. This Survey should also include the Entry Compensation of Graduate Engineer Trainees, Diploma Holder Trainees etc.

b) Salary Correction

Salary corrections (if any) are to be taken during annual increment. In this process, the high potential and high performing officers are to be brought to the range of around 75 percentiles of the best paid industry to raise the exit bar. The above average performers can be brought to 50-60 percentile or as decided by the Management. The average performers below will get a normal increment, if continued in the employment of the Company.

c) Performance Pay

The General Manager and above designations are to be considered as Leadership positions in the Company. The position holders are generally departmental heads or other key position holders in commercial departments. For such leadership positions, the total salary package maybe bifurcated into fixed and variable components linked with agreed quantifiable targets and overall performance of the Company as maybe decided jointly by the Head of Human Resources, Whole Time Director(s) and Managing Director on case-to-case basis.

d) Rationalisation of Perquisites

Existing perquisites of the Company given to the Officers may be revisited as per the Human Resource Policy of the Company on case-to-case basis and to be jointly decided by the Head of Human Resources, Whole Time Director and Managing Director.



V. Stock options

In alignment with the Company's commitment to recognizing and rewarding high performance, ESOPs may be awarded as a part of the overall compensation framework to high-performing individuals (including Non – Executive Directors, Key Managerial Personnel, Senior Managerial Personnel and other employees), with the objective of long-term value creation, promoting ownership sense, and retention of talent. The grant of ESOPs to eligible employees shall be subject to the approval of the Nomination and Remuneration Committee and shall be in accordance with applicable laws and the Company's ESOP Scheme(s) framed from time to time.

VI. Review Mechanism

The Nomination & Remuneration Committee and the Board will review the policy at least once in every three years and make amendments or modifications as necessary according to any legal changes, regulatory requirements and best practices. Any modifications shall be documented, approved, and communicated to relevant stakeholders to ensure transparency and consistency in implementation.

Signature : 

Designation : Whole-time Director

Date : 12th May 2025

