

USHA MARTIN LIMITED

(II) REMUNERATION POLICY

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. The Remuneration Policy is aligned to this philosophy.

This Remuneration Policy has been prepared pursuant to the applicable provisions of the Act and SEBI LODR. In case of any inconsistency between the provisions of law and this remuneration policy, the provisions of the law shall prevail and the Company shall abide by the applicable law.

(i) DIRECTORS

A) Non-Executive Directors

- 1) **Sitting Fees:** Every Non-Executive Director of the Company shall be entitled to a sitting fees 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 SEBI LODR.
- 2) **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.
- 3) **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.
- 4) **Re-imbursment 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.

B) Executive Directors

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.

In case of loss or inadequate profits, the Executive Directors will receive the above remuneration as minimum remuneration as envisaged in the Act.

(ii) SENIOR MANAGEMENT PERSONNEL

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

- Basic salary
- House Rent Allowance
- Additional Allowance
- Special Allowance
- Conveyance
- Medical
- Leave Travelling Allowance
- Provident Fund
- Gratuity
- Superannuation

All senior management personnel of the Company have fixed pay and also 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 Committee of the Board of Directors of the Company.

(iii) 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 up during annual increment. In this process, the high potential and high performing officers are to be brought to the range of around 75 percentile 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 and below will get 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.