

## CERAMAT PRIVATE LIMITED

### POLICY ON APPOINTMENT OF DIRECTORS AND REMUNERATION TO DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

#### 1. INTRODUCTION

---

- 1.1. In terms of Section 178 of the Companies Act, 2013, read with the rules made thereunder, each as amended from time to time, the Nomination and Remuneration Committee ('NRC' or 'Committee') has formulated this Policy on Appointment of Directors and Remuneration to Directors, Key Managerial Personnel (KMP) and Other Employees ('the Policy'). The Policy has been adopted by the Board of Directors on April 12, 2023.
- 1.2. This Policy shall act as a guideline for determining qualifications, positive attributes, independence of a Director and matters relating to the appointment of Directors and remuneration of Directors, KMPs and other employees.
- 1.3. In case of any inconsistency between the provisions of law and this Policy, the provisions of the law shall prevail, and the Company shall abide by the applicable law.

#### 2. OBJECTIVE OF THE POLICY

---

- 2.1 To lay down criteria and terms and conditions with regards to the identification of persons who are qualified to become Directors (executive, non-executive and independent) including their qualifications, positive attributes and independence..
- 2.2 To ensure that Executive Directors, KMPs and other employees are sufficiently compensated for their performance.

#### 3. APPOINTMENT OF DIRECTORS

---

This Policy enumerates guidelines which may be used by NRC in selecting/appointing/re-appointing and removal of a Director.

- 3.1 Assess skill-sets the Board needs given the strategies, challenges faced by the Company.
- 3.2 In selecting individuals for appointment/re-appointment/removal of directors, the NRC may refer to the following guidelines/policies:
  - 3.2.1 Board Membership Criteria (Refer **Schedule A**)
  - 3.2.2 Criteria for determining independence of directors (in case of appointment of Independent Directors (Refer **Schedule B**))
- 3.3 Request candidature from the database maintained by Tata Group HR/ Company or list of potential candidates shared by the external consultants or any other source as deemed appropriate by the Committee.
- 3.4 NRC members (either jointly/individually, as delegated) may meet the potential candidate(s) and assess his/her suitability for the role.
- 3.5 NRC to recommend the appointment of shortlisted candidate to the Board for its consideration.

- 3.6 Emergency Succession: If position of a Director suddenly become vacant by reason of death or other unanticipated occurrence, the NRC shall convene a special meeting at the earliest opportunity to fill such vacancy.

#### **4. REMUNERATION TO DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES**

##### **REMUNERATION TO INDEPENDENT DIRECTORS AND NON-INDEPENDENT NON-EXECUTIVE DIRECTORS**

- 4.1 Independent Non-Executive Directors are appointed for their professional expertise in their individual capacity as independent professionals / business executives. They may be paid sitting fees for attending meetings of the Board and Board Committees and commission as recommended by the NRC and approved by the Board, subject to limits provided in the Companies Act, 2013.
- 4.2 Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company (taking into consideration the challenges faced by the Company, the performance of the Company and its capacity to pay remuneration and its future growth imperatives). Overall remuneration practices shall be aligned to the practice followed by Tata Steel Group.
- 4.3 The aggregate commission payable to all the Directors will be recommended by the NRC to the Board based on Company's performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board.
- 4.4 The quantum of commission payable to Director will be recommended by the NRC to the Board, based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and committee meetings, individual contributions at the meetings and contributions made by Directors other than in meetings.
- 4.5 In addition to the sitting fees and commission, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/her role as a Director of the Company. This could include reasonable expenditure incurred by the Director for attending Board/Board committee meetings, general meetings, court convened meetings, meetings with shareholders/creditors/management/other stakeholders, site visits, induction and training (organised by the Company for Directors) and in obtaining professional advice from independent advisors in furtherance of his/her duties as a Director.

##### **REMUNERATION TO EXECUTIVE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES**

- 4.6 The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role.
- 4.7 The remuneration should be determined keeping in view the industry benchmark and the relative performance of the Company to the industry performance. The remuneration mix may also be decided considering the contribution of the employee towards the organization and the role played by the employee in responding to challenges faced by the Company
- 4.8 The remuneration should be aligned to any regulatory requirements
- 4.9 The remuneration mix for the MD/EDs is as per the approved by the shareholders. In case of any change, the same would require the approval of the shareholders.

- 4.10 In addition to the basic/fixed salary, benefits, perquisites and allowances as provided above, the Company may provide MD/EDs such remuneration by way of bonus/performance linked incentive and/or commission calculated with reference to the net profits of the Company in a particular financial year, as may be recommended by NRC and approved by the Board, subject to the overall ceilings stipulated in Section 197 of the Companies Act, 2013. The specific amount payable to the MD/EDs would be based on performance as evaluated by the Board or the NRC and approved by the Board.
- 4.11 Basic/fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience. In addition to the basic/fixed salary, the Company may provide employees with certain perquisites, allowances and benefits. The Company may also provide all employees with a social security net (subject to limits) by covering medical expenses and hospitalization through reimbursements or insurance cover and accidental death and dismemberment through personal accident insurance. The Company may provide retirement benefits as applicable.
- 4.12 The Company may provide the employees (other than MD/EDs) a performance linked bonus and/or performance linked incentive and/or long-term incentive as applicable. The performance linked bonus/performance linked incentive would be driven by the outcome of the performance appraisal process and the performance of the Company.

## **5. POLICY IMPLEMENTATION**

---

- 5.1 The Committee is responsible for recommending this Policy to the Board.
- 5.2 The Board is responsible for approving and overseeing implementation of this Policy (with the support of the Committee)

## **6. REVIEW OF THE POLICY**

---

This Policy will be reviewed and reassessed by the Committee as and when required and appropriate recommendations shall be made to the Board to update this Policy.. Should there be any regulatory amendment in any definition / term / provision of law referred in this Policy, the same shall be deemed to have been amended/updated in this Policy simultaneously.

## **7. COMPLIANCE RESPONSIBILITY**

---

Compliance of this policy shall be the responsibility of the Company Secretary of the Company who shall have the power to ask for any information or clarifications from the management in this regard.

## **8. APPLICABILITY TO SUBSIDIARIES**

---

Should the Company have any subsidiary company, this Policy may be adopted by that subsidiary company subject to suitable modifications, as necessary and subject to the board of directors of the subsidiary company adopting the same.

## **Schedule A**

### **BOARD MEMBERSHIP CRITERIA**

The Nominations and Remuneration Committee works with the Board to determine the appropriate characteristics, skills, and experience for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience in business, government, education, and public service. Characteristics expected of all directors include independence, integrity, high personal and professional ethics, sound business judgment, ability to participate constructively in deliberations and willingness to exercise authority in a collective manner.

In evaluating the suitability of individual Board members, the Committee considers many factors, including general understanding of marketing, finance, operations management, public policy, international relations, legal, governance, talent management, strategy, ESG and other disciplines relevant to the success of the Company in today's business environment; understanding of the Company's business; experience in dealing with strategic issues and long-term perspectives; maintaining an independent familiarity with the external environment in which the Company operates and especially in the directors particular field of expertise; educational and professional background; personal accomplishment; and geographic, gender, age, and ethnic diversity.

The Board evaluates each individual in the context of the Board as a whole, with the objective of having a group that can best perpetuate the success of the Company's business and represent stakeholders' interests through the exercise of sound judgment, using its diversity of experience.

In determining whether to recommend a director for re-election, the Committee also considers the director's past attendance at meetings, participation in meetings and contributions to the activities of the Board, and the results of the most recent Board self-evaluation.

Board members are expected to prepare for, attend and participate in all Board and applicable committee meetings. Each member is expected to ensure that their other current and planned future commitments do not materially interfere with their responsibilities at Ceramat Private Limited

## Schedule B

### CRITERIA FOR DETERMINING INDEPENDENCE OF DIRECTORS

#### 1. *Purpose*

The purpose of this policy is to define guidelines that will be used by the Board to assess the independence of Directors of the Company.

#### 2. *Independence Guidelines*

A Director is considered independent if the Board makes an affirmative determination after a review of all relevant information. The Board has established the categorical standards set forth below to assist it in making such determinations.

An Independent Director in relation to a company means a non-executive director other than a Nominee Director –

- 2.1 Who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience.
- 2.2 who is or was not a promoter of the Company or its holding, subsidiary or associate Company.
- 2.3 who is not related to promoters or Directors in the Company, its holding, subsidiary, or associate Company.
- 2.4 who has or had no pecuniary relationship, other than remuneration as such director or having transaction not exceeding 10% of his total income or such amount as may be prescribed, with the Company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year.
- 2.5 None of whose relatives -
  - (i) is holding any security of or interest in the Company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year of face value not exceeding fifty lakh rupees or 2% of the paid-up capital of the Company, its holding, subsidiary or associate company, respectively or such higher sum as may be prescribed;
  - (ii) is indebted to the Company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;
  - (iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or
  - (iv) has any other pecuniary transaction or relationship with the Company, its subsidiary, its holding, associate company amounting to 2% or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii):

2.6 who, neither himself / herself nor any of his / her relatives-

- (i) holds or has held the position of a Key Managerial Personnel or is or has been employee of the Company or its holding, subsidiary or associate company, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed.

Provided that in case of a relative who is an employee other than key managerial personnel, the restriction under this clause shall not apply for his / her employment during preceding three financial years.

- (ii) is or has been an employee or proprietor or a partner, in any of the 3 financial years immediately preceding the financial year, in which he is proposed to be appointed of:
  - a firm of auditors or Company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate Company or;
  - any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate Company amounting to 10% or more of the gross turnover of such firm;
- (iii) holds together with his relatives 2% or more of the total voting power of the Company;
- (iv) is a Chief Executive or Director, by whatever name called, of any non-profit organization that receives 25%, or more of its receipts from the Company, any of its promoters, Directors or its holding, subsidiary or associate Company or that holds 2%, or more of the total voting power of the Company.

2.7 who possesses such other qualifications as may be prescribed by the Companies Act, 2013.

The Company and independent directors shall abide by the provisions specified in Schedule IV of the Companies Act, 2013.

#### ***DEFINITIONS IN ADDITION TO THOSE PROVIDED ABOVE***

1. **“Nominee Director”** implies a director nominated by any financial institution in pursuance of the provisions of any law for the time being in force, or of any agreement, or appointed by any government or any other person/shareholder to represent its interests.
2. **“Associate Company”** implies a Company which is an “associate” as defined in Indian Accounting Standard (Ind-AS) 28, “Investments in Associates and Joint Ventures”.

This definition shall be read in conjunction with the term as defined under the Companies Act, 2013, as amended from time to time.

3. **“Relative”** implies anyone who is related to another if they are members of HUF; if they are husband and wife; or if one person is related to the other in such manner as may be prescribed under the Companies Act, 2013.

A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely – Father (includes step-father), Mother (includes step-mother), Son (includes step-son), Son's wife, Daughter, Daughter's husband, Brother (includes step-brother), Sister (includes step-sister).

This definition shall be read in conjunction with the definition under the Companies Act, 2013, as amended from time to time.