



SCAN STEELS LIMITED

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NOMINATION AND REMUNERATION POLICY



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INTRODUCTION

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, key managerial personnel and employees of the company, to harmonize the aspirations of human resources consistent with the goals of the company and in terms of the provisions of the Companies Act, 2013 and in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time), this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management has been formulated by the Nomination and Remuneration Committee ("NRC") and approved by the Board of Directors of the Company.

OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The objective of this policy is to lay down a framework in relation to appointment/Re-appointment and remuneration of directors, KMP, senior management personnel and other employees. The Key Objectives of the Committee would be:

- 1.1.** To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- 1.2** Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
- 1.3** For Every appointment of an Independent Director, the committee shall evaluate the balance of skills, and knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an independent Director shall have the capabilities identified in such description.
- 1.4** Formulation of criteria for evaluation of Independent Director and the Board.
- 1.5** To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 1.6** To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- 1.7** To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 1.8** To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.



1.9 To develop a succession plan for the Board and to regularly review the plan.

1.10 To assist the Board in fulfilling responsibilities.

1.11 To Implement and monitor policies and processes regarding principles of corporate governance.

APPLICABILITY

- A. Directors (Executive and Non-Executive)
- B. Key Managerial Personnel
- C. Senior Management Personnel

DEFINITIONS

“**Act**” means the Companies Act, 2013 and Rules framed there under, as amended from time to time.

“**Board**” means Board of Directors of the Company.

“**Directors**” means Directors of the Company. “**Key**

“**Managerial Personnel**” means:

- i. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- ii. Chief Financial Officer;
- iii. Company Secretary; and
- iv. Such other officer as may be prescribed.

“**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 the Company Secretary and the Chief Financial Officer.”

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

CONSTITUTION OF COMMITTEE

- The Board of Directors of the Company (the Board) constituted the committee to be known as the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than two-third are independent directors.



- The Chairman of the Committee is an Independent Director. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- However, the chairperson of the company (whether executive or nonexecutive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.
- Minimum Two (2) members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance shall constitute a quorum for the Committee meeting.
- Membership of the Committee shall be disclosed in the Annual Report.
- Term of the Committee shall be continued unless terminated by the Board of Directors.

FREQUENCY OF COMMITTEE MEETING

The meeting of the Committee shall be held at least once in a year.

POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

1. Appointment Criteria and Qualifications

- a) 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.
- b) 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 sufficient / satisfactory for the concerned position.
- c) Any vacancy in the office of a director shall be filled at the earliest and in any case not later than three months from the date of such vacancy. In cases where Company becomes non-compliant with the requirement under Regulation 17(1) of LODR, Regulations, 2015, due to expiration of the term of office of any director, the resulting vacancy shall be filled not later than the date such office is vacated.
- d) Approval of shareholders for appointment or re-appointment of a person on the Board of Directors or as a manager will be taken at the next annual general meeting or within a time period of three months from the date of appointment, whichever is earlier.
- e) Any vacancy in the office of Chief Executive Officer, Managing Director, Whole Time Director or Manager shall be filled at the earliest and in any case not later than three months from the date of such vacancy but not by appointing a person in interim capacity, unless such appointment is made in accordance with the laws applicable in case of a fresh appointment to such office and the obligations under such laws are made applicable to such person.



- f)** The continuation of a director serving on the board of directors other than Whole-Time Director, Managing Director, Manager, Independent Director or a Director retiring as per the sub-section (6) of section 152 of the Companies Act, 2013, and approval of the shareholders for the reappointment or continuation of the aforesaid directors or Manager is otherwise provided for by the provisions of Listing regulations or the Companies Act, 2013 shall be subject to the approval by the shareholders in a general meeting at least once in every five years from the date of their appointment or reappointment, as the case may be.
- g)** the appointment or a re-appointment of a person, including as a managing director or a whole-time director or a manager, who was earlier rejected by the shareholders at a general meeting, shall be done only with the prior approval of the shareholders.
- h)** Committee and the Board of directors will give detailed explanation and justification in the statement referred to under sub-section (1) of section 102 of the Companies Act, 2013, annexed to the notice to the shareholders, for considering the appointment or re-appointment of a person earlier rejected by the shareholders for recommending such a person for appointment or re-appointment.
- i)** The Company shall not appoint or continue the employment of any person as Whole-time Director/ Managing Director / Manager who has attained the age of seventy years and non-executive director who has attained the age of seventy five years. Provided that the term of the person holding this position may be extended beyond the age of seventy years and seventy Five 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 the specified years.

Provided that in case of Whole-time Director/ Managing Director / Manager where no such special resolution is passed but votes cast in favour of the motion exceed the votes, if any, cast against the motion and the Central Government is satisfied, on an application made by the Board, that such appointment is most beneficial to the company, the appointment of the person who has attained the age of seventy years may be made.
- j)** A person shall not be a director in more than seven listed entities.
- k)** Any vacancy in the office of the Compliance Officer shall be filled at the earliest and in any case not later than three months from the date of such vacancy. Vacancy cannot be filled by appointing a person in interim capacity, unless such appointment is made in accordance with the laws applicable in case of a fresh appointment to such office and the obligations under such laws are made applicable to such person.
- l)** Any vacancy in the office of the Chief Financial Officer shall be filled at the earliest and in any case not later than three months from the date of such vacancy. Vacancy cannot be filled by appointing a person in interim capacity, unless such appointment is made in accordance with the laws applicable in case of a fresh appointment to such office and the obligations under such laws are made applicable to such person.



2. Term / Tenure

a) Managing Director/Whole-time Director:

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

b) Independent Director:

- 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 of such appointment in the Board's report.
- The Appointment, re-appointment or removal of an independent Director shall be subject to the approval of shareholders by way of special resolution. where a special resolution for the appointment of an independent director fails to get the requisite majority of votes but the votes cast in favour of the resolution exceed the votes cast against the resolution and the votes cast by the public shareholders in favour of the resolution exceed the votes cast against the resolution, then the appointment of such an independent director shall be deemed to have been made. further that independent director shall be removed only if the votes cast in favour of the resolution proposing the removal exceed the votes cast against the resolution and the votes cast by the public shareholders in favour of the resolution exceed the votes cast against the resolution.
- An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within three months from the date of such resignation or removal, as the case maybe.
- No Independent Director shall hold office for more than two consecutive terms of up to maximum of 5 years each, 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.
- No independent director, who resigns from a company, shall be appointed as an executive / whole time director on the board of the company, its holding, subsidiary or associate company or on the board of a company belonging to its promoter group, unless a period of one year has elapsed from the date of resignation as an independent director.
- 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 other number as may be prescribed under the Act.



3. Evaluation

The Committee shall specify the manner and carry out effective evaluation of performance of Board and its committees /every Director, KMP and Senior Management Personnel at regular interval (yearly) and review its implementation and compliance.

4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, 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 and compliance of the said Act, rules and regulations.

5. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act 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.

POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL

1. Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

The Remuneration/ Compensation/ Commission etc. to be paid to Director / Whole- Time Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

2 Remuneration to Non- Executive / Independent Director:

The Non-Executive Independent Director may receive remuneration / compensation / commission as per the provisions of Companies Act, 2013. The amount of sitting fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

COMMITTEE MEMBER'S INTEREST

- A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.



VOTING

- Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- In the case of equality of votes, the Chairman of the meeting will have a casting vote.

DUTIES IN RELATION TO NOMINATION MATTERS

The duties of the Committee in relation to nomination matters include:

- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- Identifying and recommending Directors who are to be put forward for retirement by rotation
- Determining the appropriate size, diversity and composition of the Board;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board; and
- Considering any other matters, as may be requested by the Board.

DUTIES IN RELATION TO REMUNERATION MATTERS

The duties of the Committee in relation to remuneration matters include:

- Considering and determining the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- Approving the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Company.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee.
- Considering any other matters as may be requested by the Board.

MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting or before the Next Committee Meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

REVIEW AND AMENDMENT

- i. The NRC or the Board may review the Policy as and when it deems necessary.
- ii. The NRC may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
- iii. This Policy may be amended or substituted by the NRC with the approval of the Board and when required where there are any statutory changes necessitating the change in the policy.

*Policy was last amended by the Board at its meeting held on **29th July, 2023**
