NOMINATION AND REMUNERATION POLICY

OF

SAEL INDUSTRIES LIMITED

NOMINATION AND REMUNERATION POLICY

I. PREAMBLE

In terms of Section 178 of the Companies Act, 2013, this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management and other employees of the Company has been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors. This policy shall act as a guideline for determining inter-alia qualifications, positive attributes and independence of a Director and remuneration for the Directors, KMPs and other employees. This policy also specifies the manner for effective evaluation of performance of Board, its committees and individual directors and review its implementation and compliance.

This Policy is formulated in accordance with Section 178 of the Companies Act, 2013 read with Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("**Listing Regulations**") along with any other applicable rules thereto.

II. OBJECTIVE

The Key Objectives and purpose of this Policy are:

a) To formulate the criteria for determining qualification, competencies, positive attributes and independence for appointments of Directors (Executive and Non-executive) and persons who may be appointed in Senior Management, Key Managerial positions and recommend to the Board policies relating to the remuneration for the Directors, Key Managerial Personnel, Senior Management and other employees;

b) That the remuneration to Directors, Key Managerial Personnel (KMP), and Senior Management of the Company 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;

c) To specify the manner for effective evaluation of performance of Board, its committees and individual directors and review its implementation and compliance;

d) That the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

e) To lay down criteria for appointment, removal of Directors, Key Managerial Personnel and Senior Management; and

f) 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.

III. DEFINITIONS

"Act" means Companies Act, 2013 and rules thereunder, including any modifications, amendments or reenactment thereof.

"Board" means Board of Directors of the Company.

"Committee" means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board

"Company" means SAEL Industries Limited.

"Directors" means Directors of the Company

"Independent Director" means a director referred to in Section 149 (6) of the Act.

"Key Managerial Personnel" (KMP) means:

(i) Chief Executive Officer or the Managing Director or the Manager;
(ii) Company Secretary;
(iii) Whole-time Director;
(iv) Chief Financial Officer; and
(v) Such other officer as may be prescribed.

"Policy or This Policy" means, "Nomination and Remuneration Policy."

"Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors and shall also comprise all members of 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 persons identified and designated as key managerial personnel, other than the board of directors, by the listed entity .

IV. INTERPRETATION

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Act, as amended from time to time.

V. MEMBERSHIP

a) The Committee shall comprise of at least three (3) Directors, all of whom shall be non-executive Directors and at least two-third shall be Independent.
b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Act and Listing Regulations.
c) Term of the Committee Members shall be perpetual unless terminated by the Board of Directors or by resignation, cessation etc.

VI. CHAIRPERSON

a) Chairperson of the Committee shall be an Independent Director.
b) Chairperson of the Company, whether executive or non-executive, may be appointed as a member of the Committee but shall not chair the Committee.
c) In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

VII. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required. However, the Committee shall meet at least once a year.

VIII. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT & OTHER MATTERS

a) Appointment criteria and qualifications

1. 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.

2. 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 are sufficient / satisfactory for the concerned position.
3. The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution in general meeting.

b) Term / Tenure

1. Managing Director/Whole-time Director/Manager ("**Managerial Person**")

The Company shall appoint or re-appoint any person as its Managerial Person 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.

2. 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.

No Independent Director shall hold office for more than two consecutive terms, 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.

c) Manner of Evaluation:

Evaluation of the Board:

The Board shall, on an annual basis, evaluate its own performance as per evaluation parameters set out in Annexure-1.

Evaluation of the Board Committees:

The Board shall, on an annual basis, evaluate performance of each Board Committee as per evaluation parameters set out in Annexure-2.

Evaluation of Individual Directors:

Performance of individual Directors of the Company shall be evaluated, on an annual basis, by the Board as a whole (excluding the Director being evaluated) as per the evaluation parameters set out in Annexure-3.

d) Removal

Due to reasons for any disqualification mentioned in the Act, rules made thereunder or under any other applicable Act, rules, regulations and policies of the Company, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

e) Retirement

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

the prevailing policy of the Company, as the case may be. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company subject to compliance of Act.

IX. PROVISIONS RELATING TO REMUNERATION OF MANAGING DIRECTOR, WHOLE TIME DIRECTOR, MANAGER (MANAGERIAL PERSON), KMP, SENIOR MANAGEMENT & OTHER EMPLOYEES

a) General

1. The remuneration / compensation / commission etc. to Managing Director, Whole Time Director, Manager ("Managerial Person") will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and/or Central Government, wherever required.

2. The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Act, and the rules made thereunder for the time being in force.

3. Where any insurance is taken by the Company on behalf of its Managerial Person, KMP and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

b) Remuneration to Managerial Person

1. Fixed and Variable pay

The Managerial Person shall be eligible for remuneration as may be approved by the Board of the Company on the recommendation of the Committee. The break-up of the pay scale, performance bonus/commission and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and shall be within the overall remuneration approved by the shareholders and/or Central Government, wherever required.

2. Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of the Act read with schedules.

3. Provisions for excess remuneration

If any Managerial Person draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

c) Remuneration to Non-Executive / Independent Director/

1. Remuneration / Commission:

The Board of the Company on the recommendation of the Committee may approve the remuneration / commission to Non-Executive/Independent Directors in accordance with the statutory provisions of the Act, and the rules made thereunder for the time being in force, subject to approval of Shareholders/Central

Government, wherever required.

2. Sitting Fee

The quantum of sitting fees will be determined as per the recommendation of the Committee and approved by the Board of Directors of the Company. The Non- Executive / Independent Director may receive sitting fee for attending meetings of Board or Committee thereof. Provided that the amount of such fee shall not exceed the maximum amount as provided in the Act, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

3. Limit of Remuneration /Commission

Remuneration/Commission may be paid within the monetary limit approved by Board/shareholders as per the applicable provisions of the Act.

4. Stock Options

An Independent Director shall not be entitled to any stock option of the Company.

d) Remuneration to KMP, Senior Management and Other Employees

The KMP, Senior Management and other employees of the Company shall be paid monthly remuneration as per the Company's HR policies and / or as may be approved by the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, gratuity, medical expenses, club fees etc. shall be as per the Company's HR policies.

The annual variable pay of such employees, if any, will be linked to the performance of the Company in general and/or their individual performance for the relevant year measured against Company's objectives defined for the year.

This Remuneration Policy shall apply to all future / continuing employment / engagement(s) with the Company. In other respects, the Remuneration Policy shall be of guidance for the Board.

X. IMPLEMENTATION AND COMPLIANCE

a) The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
b) The Committee may sub-delegate any of its powers to any one or more of its members/KMPs/Senior Management as and when required in compliance with the Act.
c) The Committee shall ensure compliance to this Policy as per Act.

XI. AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of the Committee can amend this Policy, as and when deemed fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.