



THE SANDUR MANGANESE AND IRON ORES LIMITED

POLICY ON NOMINATION AND REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL (KMPs) AND OTHER EMPLOYEES

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1	Board of Directors	27 May 2015
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5	Board of Directors	11 August 2022

1.0 PREAMBLE

- 1.1** The Company considers human resources as its invaluable assets. This Policy on Nomination and Remuneration of Directors, Key Managerial Personnel (KMPs) and other employees has been formulated in terms of the provisions of the Companies Act, 2013 (“the Act”) and the SEBI (Listing Obligations and Disclosure Requirements) “LODR” Regulations, 2015 in order to pay equitable remuneration to the Directors, KMPs and employees of the Company and to harmonise the aspirations of human resources consistent with the goals of the Company.

2.0 DEFINITIONS*

*(*Refer Appendix for elaborate definitions under respective legislations)*

- 2.1** ‘**Board**’ means Board of Directors of the Company.
- 2.2.** ‘**Directors**’ means Directors of the Company.
- 2.3** ‘**Committee**’ means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable listing agreements and/or regulations.
- 2.4** ‘**Company**’ means The Sandur Manganese and Iron Ores Limited.
- 2.5** ‘**Independent Director**’ means a Director who satisfies the independence criteria mentioned in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015 or any amendments to the said provisions, as may be notified from time to time.
- 2.6** ‘**Key Managerial Personnel (KMP)**’ means key managerial personnel as defined in sub-section (51) of section 2 of the Act or any amendments to the said provisions, as may be notified from time to time.
- 2.7** ‘**Senior Management**’ means senior management as defined in Regulation 16(1)(d) of the SEBI (LODR) Regulations, 2015 and as provided in the explanation in the provisions of Section 178 of the Act or any amendments to the said provisions, as may be notified from time to time.

Explanation:

- I. One level below the chief executive officer/managing director/whole time director/manager shall mean all employees in the grade of President and above.
 - II. Functional heads shall mean heads of various functions of the Company.
 - III. Senior Management shall not include appointments made on temporary basis or appointments fixed on consolidated pay basis.
- 2.8** ‘**Remuneration**’ means any money or its equivalent given or passed on to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

3 SCOPE OF POLICY

3.1 This Policy is broadly divided into the following parts: -

- Part – A : Appointment of Directors, Key Managerial Personnel and Senior Management, their tenure and retirement;
- Part – B : Performance evaluation of Board, its Committees and individual directors; and
- Part – C : Remuneration to Directors, Key Managerial Personnel and Senior Management
- Part – D ; Removal of Directors, Key Managerial Personnel and Senior Management

4. ROLE OF THE COMMITTEE

4.1 The role of the Nomination and Remuneration Committee (NRC) shall be as specified in provisions of Section 178(2) of the Act and in Part D of the Schedule II of the SEBI (LODR) Regulations, 2015, which shall inter-alia include:

5 APPOINTMENT, TENURE AND RETIREMENT

5.1 The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or senior management level and recommend to the Board, persons to be appointed as Director, KMP or in the senior management level.

5.2 Periodically review the size and composition of the Board to ensure that it is structured to make appropriate decisions, with the diversity of thought, experience, knowledge, perspective and gender in the Board, in the best interest of the Company as a whole.

5.3 Managing Director/Whole Time Director

5.3.1 The Company shall appoint or re-appoint any person as its Managing Director or Whole-time Director for a term not exceeding three years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

5.3.2 The Company shall not appoint or continue the employment of any person (other than promoter director) as Whole-Time Director who has attained the age of sixty-five years.

5.4 Non-Executive Director

5.4.1 The Company shall not appoint or continue any person as a Non-Executive Director (other than promoter director) who has attained the age of seventy-five years.

5.4.2 Provided that approval of shareholders by way of special resolution shall be obtained for continuing the appointment of non-executive promoter director beyond the age of seventy-five years.

5.5 Independent Director

5.5.1 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 a term up to five consecutive years on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

5.5.2 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.

- 5.5.3 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.
- 5.5.4 The Company shall not appoint or continue any person as an Independent Director who has attained the age of seventy-five years.
- 5.5.5 Provided that appointment of an individual as an Independent Director for the first term may be made only if the individual has at least three years till the attainment of the age of seventy-five years (i.e. the individual has not attained the age of 72 years at the time of appointment).
- 5.5.6 Provided further that appointment of an individual as an Independent Director for the second term may be made only if the individual has at least one year till the attainment of the age of seventy-five years (i.e. the individual has not attained the age of 74 years at the time of appointment).

5.6 *Key Managerial Personnel (not covered above) and Senior Management Personnel*

- 5.6.1 A person to be appointed as Key Managerial Personnel or in the senior management level shall possess adequate qualification, expertise and experience for the position he / she is considered for appointment.
- 5.6.2 Key Managerial Personnel (other than Whole Time Directors) and the Senior Management Personnel shall retire at the age of sixty years which may be extended up to a maximum of seventy years under exceptional circumstances to be recorded in writing and duly approved by the NRC.

6 PERFORMANCE EVALUATION OF THE BOARD/ ITS COMMITTEES/ INDIVIDUAL DIRECTORS INCLUDING INDEPENDENT DIRECTORS

- 6.1 The Board of Directors shall carry out a formal annual evaluation of the Board, its Committees and individual directors including the independent directors in compliance with prevalent laws in this regard.

6.2 *Board of Directors and Its Committees*

- 6.2.1 The Board shall be committed to assessing its own performance as a Board in order to identify its strengths and areas in which it may improve its functioning. The Board shall conduct a self-evaluation based on the criteria laid in this respect by the Nomination and Remuneration Committee.
- 6.2.2 The Board shall also evaluate the performance of the various Committees of the Board.

6.3 *Individual Directors*

- 6.3.1 The Board of Directors (excluding the director being evaluated) shall evaluate the performance of the executive, non-executive and independent directors.
- 6.3.2 The Board of Directors (excluding the director being evaluated) shall evaluate:
 - (a) performance of the independent directors; and
 - (b) fulfilment of the independence criteria as stipulated under prevailing laws and their independence from the management.

- 6.3.3 The Board shall forward the report of performance evaluation of Independent Directors to the Nomination and Remuneration Committee.
- 6.3.4 The Nomination and Remuneration Committee shall determine whether to extend or continue the term of appointment of the Independent Directors, on the basis of the report of performance evaluation of independent directors.
- 6.4 The Board of Directors and/or the Committee shall review the implementation of formal annual evaluation from time to time.

7 REMUNERATION

- 7.1 The Committee is responsible for reviewing and making recommendations to the Board on
- (a) the remuneration of the Managing Director, Whole-time Directors and Non-executive Directors
 - (b) all remuneration, in whatever form, payable to key managerial personnel and senior management.

7.2 *Directors*

- 7.2.1 The remuneration / compensation / commission etc. to Directors shall be determined by the Committee in accordance with the provisions prevailing under the Act and SEBI (LODR) Regulations, 2015 and recommended to the Board for approval.
- 7.2.3 Provided that the Managing Director/Whole time Directors shall be eligible to avail such other additional benefits/allowances, as may be extended to all employees of the Company, from time to time without seeking prior approval of the NRC/the Board of Directors.

7.3 *Key Managerial Personnel and Senior Management*

- 7.3.1 The Board in consultation with the Committee shall approve and finalise the remuneration, in whatever form, to be offered to the Key Managerial Personnel and senior management personnel.
- 7.3.2 Provided that KMPs and Senior Management shall be eligible to avail such other additional benefits/allowances, as may be extended to all employees of the Company, from time to time without seeking prior approval of the NRC/the Board of Directors.

8 REMOVAL

- 8.1 Due to reasons for any disqualification mentioned in the Act, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director subject to the provisions and compliance of the said Act, rules and regulations.
- 8.2 Due to reasons for any disqualification mentioned under Law or any other justifiable grounds, the Committee may recommend to the Board, with reasons to be recorded in writing, for removal of a KMP or senior management personnel.

9 POLICY REVIEW

- 9.1 This policy is framed based on the provisions of the Act and rules thereunder; and the SEBI(LODR) Regulations, 2015.
- 9.2 In case of any subsequent changes in the provisions of the Act or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.
- 9.3 The Committee shall periodically review the Policy and may recommend suitable amendments, from time to time subject to applicable rules and regulations in this regard, for approval of the Board.

DEFINITIONS

1 Independent Director:

Regulation 16(1)(b) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

‘independent director’ means a non-executive director, other than a nominee director of the listed entity:

(i) who, in the opinion of the board of directors, is a person of integrity and possesses relevant expertise and experience;

(ii) who is or was not a promoter of the listed entity or its holding, subsidiary or associate company or member of the promoter group of the listed entity;

(iii) who is not related to promoters or directors in the listed entity, its holding, subsidiary or associate company;

(iv) who, apart from receiving director's remuneration, has or had no material pecuniary relationship with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, during the three immediately preceding financial years or during the current financial year;

(v) none of whose relatives –

(A) is holding securities of or interest in the listed entity, its holding, subsidiary or associate company during the three immediately preceding financial years or during the current financial year of face value in excess of fifty lakh rupees or two percent of the paid-up capital of the listed entity, its holding, subsidiary or associate company, respectively, or such higher sum as may be specified;

(B) is indebted to the listed entity, its holding, subsidiary or associate company or their promoters or directors, in excess of such amount as may be specified during the three immediately preceding financial years or during the current financial year;

(C) has given a guarantee or provided any security in connection with the indebtedness of any third person to the listed entity, its holding, subsidiary or associate company or their promoters or directors, for such amount as may be specified during the three immediately preceding financial years or during the current financial year; or

(D) has any other pecuniary transaction or relationship with the listed entity, its holding, subsidiary or associate company amounting to two percent or more of its gross turnover or total income:

Provided that the pecuniary relationship or transaction with the listed entity, its holding, subsidiary or associate company or their promoters, or directors in relation to points (A) to (D) above shall not exceed two percent of its gross turnover or total income or fifty lakh rupees or such higher amount as may be specified from time to time, whichever is lower.

(vi) who, neither himself/herself, nor whose relative(s) —

(A) holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate company or any company belonging to the promoter group of the listed entity, 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.

(B) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —

(1) a firm of auditors or company secretaries in practice or cost auditors of the listed entity or its holding, subsidiary or associate company; or

(2) any legal or a consulting firm that has or had any transaction with the listed entity, its holding, subsidiary or associate company amounting to ten per cent or more of

the gross turnover of such firm;

(C) holds together with his relatives two per cent or more of the total voting power of the listed entity; or

(D) is a chief executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts or corpus from the listed entity, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the listed entity;

(E) is a material supplier, service provider or customer or a lessor or lessee of the listed entity;

(vii) who is not less than 21 years of age.

(viii) who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director:

Section 149(6) of the Companies Act, 2013:

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director, —
(a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;

(b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;

(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;

(c) who has or had no pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten per cent 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;

(d) 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:

Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company 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, or its subsidiary, or its holding or associate company amounting to two per cent. 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);

(e) who, neither himself nor any of his 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, the restriction under this clause shall not apply for his employment during preceding three financial years.

(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—

(A) a firm of auditors or company secretaries in practice or cost auditors of the company or its

holding, subsidiary or associate company; or
(B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
(iii) holds together with his relatives two per cent or more of the total voting power of the company; or
(iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company; or
(f) who possesses such other qualifications as may be prescribed.

2 Key Managerial Personnel (KMP)

Regulation 2(1)(o) of the SEBI (LODR) Regulations, 2015:

“key managerial personnel” means key managerial personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013;

Section 2(51) of the Companies Act, 2013:

“Key Managerial Personnel (KMP)” means -

- i) the Chief Executive Officer or the managing director or the manager;
- ii) the Company Secretary;
- iii) the Whole-time Director;
- iv) the Chief Financial Officer;
- v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- vi) such other officer as may be prescribed

3 Senior Management

Regulation 16(1)(d) of the SEBI (LODR) Regulations, 2015:

“senior management” shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.

Explanation given under Section 178 of the Companies Act, 2013:

The expression “senior management” means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

SCOPE OF NOMINATION AND REMUNERATION COMMITTEE

Section 178(2) of Companies Act, 2013:

The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

Part D(II)(A) of Schedule II of the SEBI (LODR) Regulations, 2015:

Role of committee shall, inter-alia, include the following:

- (1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- (1A) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, 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. For the purpose of identifying suitable candidates, the Committee may:
 - a. use the services of an external agencies, if required;
 - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c. consider the time commitments of the candidates;
- (2) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (3) devising a policy on diversity of board of directors;
- (4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- (5) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- (6) recommend to the board, all remuneration, in whatever form, payable to senior management
