

NOMINATION AND REMUNERATION POLICY- ISMT

I. INTRODUCTION

This Policy shall apply to the Board of Directors (“Board”), Key Managerial Personnel (“KMP”) and Senior Management of ISMT Limited (“Company”).

The Policy envisages framework for nomination, remuneration and evaluation of Board, KMP and Senior Management in accordance with the Companies Act, 2013 (‘Act’) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’).

The Company aims to achieve balance of merits, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management Personnel.

II. DEFINITIONS

1. **“Board”** means the Board of Directors of the Company.
2. **“Committee”** means the Nomination and Remuneration Committee of the Company.
3. **“Key Managerial Personnel”** means:
 - a) Chief Executive Officer or Managing Director or the Manager,
 - b) Whole-time Director
 - c) Chief Financial Officer
 - d) Company Secretary and
 - e) such other Officers as may be prescribed under the Act
4. **“Senior Management”** means personnel of the Company who are members of the core management team, excluding Board and are one level below the 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.

III. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

1. The Committee shall consider criteria such as qualifications, skills, expertise and experience of the person to be appointed as Director, KMP or at Senior Management level and accordingly recommend to the Board his appointment.
2. The age of person to be appointed as Non Executive Director shall not be less than 21 years and more than 75 years. The Committee at its discretion may recommend to the Board continuation of director for further term of appointment who has completed 75 years.

The age of person to be appointed as Executive Director shall not be less than 21 years and not more than 70 years.
3. The Company should ensure that the person so appointed as Director is not disqualified under the Act, Listing Regulations or any other enactment for the time being in force.
4. Director/ KMP/ Senior Management Personnel shall be appointed as per provisions & procedure laid down under the Act, Listing Regulations or any other applicable enactment.
5. The Committee may recommend to the Board for removal of a Director on account of any disqualification mentioned in the Act or under any other applicable Law or any other reasonable ground. The Committee may also recommend to the Board for removal of KMP or Senior Management Personnel subject to the provisions and compliance of the applicable Law.
6. Term & tenure of Director shall be in accordance with the Act & Listing Regulations.

IV. BOARD DIVERSITY

The Board shall have optimum composition of Directors by comprising of experts from different fields viz. finance, law, management, sales, marketing, engineering, research, technical operations or any other areas related to the Company’s business.

The Board shall ensure that there is appropriate balance of skills, experience and knowledge so as to enable the Board to discharge its functions and duties effectively.

V. REMUNERATION OF DIRECTOR, KMP AND SENIOR MANAGEMENT

A) DIRECTORS

Board shall decide remuneration of Executive/ Non-Executive Directors on basis of recommendation of the Committee subject to overall limits provided under the Act, including any amendment, modification & re-enactment thereto & in compliance with the Listing Regulations.

Directors Remuneration shall be approved by shareholders of the Company as and when required.

i. EXECUTIVE DIRECTORS:

The Company shall enter into a contract with every Executive Director, which will set out the terms and conditions of appointment and tenure, as recommended by the Committee and approved by the Board.

The Board may vary any terms or conditions of the contract from time to time within the tenure subject to such approvals as may be required under the Act.

The remuneration components shall include inter alia:

a. Fixed salary:

Each Executive Director shall be paid fixed salary consisting of basic salary and such allowances and perquisites as may be recommended by the Committee and decided by the Board and performance evaluation of each Executive Director from time to time, subject to overall limits as prescribed under the Act.

Option 1: The salary may be reviewed annually; or

Option 2: The salary shall remain fixed for the tenure of the Executive Director.

b. Commission:

Board may approve payment of commission subject to the limits provided in the Act. The eligibility and amount of commission shall be recommended by the Committee on basis of performance evaluation of director undertaken by the Committee and Board.

c. Non-monetary benefits:

Executive Directors may be entitled to club membership, vehicle with driver, petrol reimbursement, vehicle maintenance, telephone, fax, internet at residence, reimbursement of mobile phone bills, fully furnished accommodation (in case of use of own residential property for accommodation) or house rent allowance in lieu thereof, soft & hard furnishings, reimbursement of house maintenance expenditure, reimbursement of gas, electricity bill, water & other utilities & repairs at residence, reimbursement of medical expenditure, including hospitalization expenses for self & family & leave travel assistance.

Executive Director may also be entitled to personal accident insurance, group accident insurance coverage, medical insurance coverage, term insurance or any other benefit as per Company policy.

d. Separation / Retirement benefits:

Executive Director shall be eligible to the following perquisites which shall be included in the computation of the ceiling on remuneration provided in the Act:

- (a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961 or any amendment thereof
- (b) Gratuity payable at a rate not exceeding one month's salary for each completed year of service; and
- (c) Encashment of leave at the end of the tenure.

In case of loss or inadequacy of profits of the Company, the aforesaid perquisites shall not be included in computation of the ceiling on remuneration provided in the Act.

ii. NON-EXECUTIVE DIRECTORS:

The Company shall issue letter of appointment to every Independent Director.

The components of payment of remuneration to Non-Executive Directors shall include:

a. Sitting fees :

Sitting fees shall be paid for Board and Committee Meetings attended by Director. Different amount of sitting fees may be paid for different types of meetings within limits as prescribed under the Act.

Committee shall include Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee or such Committees as may be constituted by the Board.

b. Commission :

Board may approve payment of commission subject to limits provided in the Act. The eligibility and amount of commission to be paid to each director shall be recommended by the Committee on basis of annual performance evaluation of the director.

c. Professional fees :

Non Independent Directors may be paid fees for services of professional nature, if in the opinion of Committee; the director possesses the requisite qualification for practice of the profession. Such professional fees shall not be considered as remuneration for the purpose of the Act.

B) KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL

The Company shall issue an appointment letter to every KMP and Senior Management Personnel.

The remuneration components payable to KMP/ Senior Management Personnel may be:

a. Fixed salary :

Each KMP/ Senior Management Personnel shall be paid fixed salary consisting of basic salary and such allowances and perquisites as per service rules of the Company. The band of the salary shall be determined according to the industry standards, market conditions, scale of Company's business relating to the position, educational qualification parameters and experience in the industry as detailed in the service rules of the Company and such other factors as may be prescribed therein.

The same shall be reviewed annually based on the Company's annual appraisal policy.

b. Variable pay :

A portion of the overall salary may be paid as Variable pay to every KMP/ Senior Management Personnel. This shall be as per the Performance Linked Pay Scheme of the Company, which is designed to bring about increase in overall organizational effectiveness through alignment of the Company, Functional and Individual objectives.

c. Perquisites / Other Benefits:

Perquisites/ Other Benefits are benchmarked with Industry practices from time to time keeping an overall salary structure in mind. These may include petrol reimbursement, vehicle maintenance, telephone, reimbursement of mobile phone bills, leave travel assistance & reimbursement of medical expenditure for self & family & such other benefits as per Company Policy.

KMP/ Senior Management Personnel may be entitled to personal accident insurance, group accident insurance coverage, medical insurance coverage, term insurance and such other benefits as per Company policy.

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d. Annual Pay Revision/ Promotion

Evaluation of KMP/ Senior Management Personnel shall be based on appraisal against stated Objectives/ Goals of individual which in turn shall be aligned to Functional and Enterprise Score Card. Key Result Areas (KRAs) are set at beginning of the year in consultation with the Executive Director.

Pay revisions/ promotions will be achievement oriented & will also have reference to Industry benchmarks, where appropriate.

e. Separation/ Retirement benefits:

Separation/ retirement benefits as per Company policy which shall include contribution to provident fund, superannuation, gratuity and leave encashment.

C) DIRECTORS AND OFFICERS LIABILITY INSURANCE:

The Company will take Directors and Officers Liability Insurance or such insurance of like nature for indemnifying Directors, KMP and Senior Management Personnel against any liability in respect of any negligence, default, misfeasance, breach of duty or trust for which they may be guilty in relation to the Company.

The premium paid on such insurance shall not be treated as part of remuneration payable to Managing Director, Whole Time Director, Chief Executive Officer, Chief Financial Officer or Company Secretary. Provided that if any such person is proved to be guilty, the premium paid shall be treated as part of the remuneration.

D) STOCK OPTIONS:

The Committee may recommend issue of stock options to directors (other than independent directors and promoters directors), KMP/ Senior Management Personnel, which may be granted by the Board subject to the compliance of the provisions of applicable laws.

VI. CRITERIA FOR EVALUATION OF BOARD

Evaluation of Board shall be carried out annually as per the Act and the Listing Regulations.

Performance evaluation of each Director will be based on the criteria as laid down from time to time by the Nomination and Remuneration Committee.

Criteria for performance evaluation shall include aspects such as attendance for the meetings, participation and independence during the meetings, Interaction with Management, role and accountability, knowledge and proficiency and any other factor as may be decided by the Nomination and Remuneration Committee.

Further, performance evaluation of an Executive Director will also be based on business achievements of the Company.

VII. AMENDMENT

Based on the recommendation of the Committee, the Board reserves its right to amend this Policy.

VIII. EFFECTIVE DATE

This amended Policy shall come into effect from March 10, 2022.

IX. APPROVAL HISTORY

S. No.	Date of Board Approval
1	May 28, 2014
2	May 9, 2022