

MILLTEC Machinery Limited

**Remuneration Policy for Directors, Key Managerial Personnel
and Other Employees**

I. Background

MILLTEC Machinery Limited (“MILLTEC” or the “Company”) recognizes the importance of aligning the business objectives with specific and measurable individual objectives and targets. The Company has therefore formulated the remuneration policy for its Directors, Key Managerial Personnel and other employees (“Policy”) keeping in view the following objectives:

- Ensuring 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;
- Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks; and
- Ensuring that remuneration 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.

II. Scope and Purpose:

This Policy sets out the guiding principles for the Nomination and Remuneration Committee for recommending to the Board of Directors of the Company (“Board”) the remuneration of the Directors, Key Managerial Personnel and other employees of the Company.

III. Nomination and Remuneration Committee (“NRC”)

Members of the Committee shall be appointed by the Board and shall comprise of three or more non-executive directors out of which not less than one half shall be independent directors.

- a. **Composition:** Members of the Committee shall be appointed by the Board and shall comprise of three or more non-executive directors out of which not less than one-half shall be independent directors.
- b. **Responsibility & Duties:** The responsibility and duties of NRC are as follows:
 - i. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down in

this policy, recommend to the Board their appointment and removal and carry out evaluation of every director's performance.

- ii. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other Employees.
 - iii. Formulating framework and/or policy for remuneration, terms of employment and any changes, including service contracts, remuneration, policy for and scope of pension arrangements, etc. for Executives and reviewing it on a periodic basis;
 - iv. Formulating terms for cessation of employment and ensure that any payments made are fair to the individual and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognized;
- c. The Committee shall:
- i. review the on-going appropriateness and relevance of the remuneration policy;
 - ii. ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled;
 - iii. obtain reliable, up-to-date information about remuneration in other companies;
 - iv. ensure that no director or executive is involved in any decisions as to their own remuneration.

IV. Selection And Appointment Of The Board Members

The Committee, along with the Board, reviews on an annual basis, appropriate skills, characteristics and experience required of the Board as a whole and its individual members. The Board Members should be qualified, independent and have positive attributes. Directors will be sought who possess the highest personal and professional ethics, integrity, values and experience, expertise and diversity that will best complement Board effectiveness at the time. They should take the decision in such manner which is not prejudicial in the interest of the stakeholders of the Company. Directors take the necessary steps in carrying out their duties and responsibilities effectively. They must have the aptitude to critically evaluate management's working as part of a team in an environment of collegiality and trust.

In the evaluation of Board Members, the Nominations Committee will have regard to normally accepted nomination criteria, including:

- a. honesty and integrity;
- b. the ability to exercise sound business judgment;
- c. appropriate experience and professional qualifications;
- d. absence of conflicts of interest or other legal impediments to serving on the Board;
- (e) willingness to devote the required time; and

- e. availability to attend Board and Committee meetings.

V. Selection of Board Members/ Extending Invitation To A Potential Director To Join The Board

The NRC periodically evaluates the Board's Performance, ascertain their availability and make suitable recommendations to the Board. The Committee identifies suitable candidates in the event of a vacancy being created on the Board on account of retirement, resignation or demise of an existing Board member. Based on the recommendations of the Committee, the Board evaluates the candidate(s) and decides on the selection of the appropriate member.

The Board then makes an invitation (verbal / written) to the new member to join the Board as a Director. On acceptance of the same, the new Director is appointed by the Board.

VI. Compensation Structure:

Compensation structure/ policy (fixed/variable/ incentive schemes for KMP & SMP/ ID sitting fees/ WTD/MD packages including all its components Basic Salary, HRA, Conveyance Allowance, Commission, if any, as per the Rules of the Company.

VII. Independent Director

- a. Fees in respect of Independent Directors may be such as may be prescribed.
- b. He shall not be entitled to any stock option and may receive remuneration by way of fees provided under sub-section (5) of Section 197 of the Companies Act, 2013, reimbursement of expenses for participation in the Board and other meetings and profit related commission as may be approved by the members.

VIII. Role of Independent Directors

- a. The Committee shall, in consultation with the Independent Directors of the Company, prepare and submit this policy to the Board for its approval.
- b. The Independent Directors shall have power and authority to determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management.
- c. The Independent Directors shall submit its recommendations/ proposals/ decisions to the Committee which the Committee shall consult and take to the Board of Directors.

IX. Approval

This remuneration policy as framed by the Committee shall be recommended to the Board of Directors for its approval.

This Policy shall formally be implemented from the date on which they are adopted pursuant to a resolution of the Board of Directors.

Any matters not provided for in this Policy shall be handled in accordance with relevant State laws and regulations and the Company's Articles of Association. If this Policy conflict with any laws or regulations subsequently promulgated by the state or with the Company's Articles of Association as amended pursuant to lawful procedure, the relevant state laws and regulations and the Company's Articles of Association shall prevail, and this Policy shall be amended in a timely manner and submitted to the Board of Directors for review and adoption.

The right to interpret this Policy vests in the Board of Directors of the Company.