



1. INTRODUCTION

The Nomination and Remuneration Committee ("**NRC/Committee**") of the Sona BLW Precision Forgings Limited ("**Company/Sona Comstar**") has adopted a Charter of the Committee which sets out the composition, authority and terms of reference of the Committee. The Nomination & Remuneration Policy ("**Policy**") of the Company is formulated in terms of Section 178 of the Companies Act, 2013 ("**Act**") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Regulations**").

The Policy is intended to set out criteria to pay equitable remuneration to the Directors, Key Managerial Personnel ("**KMP**"), Senior Management Personnel ("**SMP**") (as defined below) and other employees of the Company and to harmonise the aspirations of human resources with the goals of the Company.

2. OBJECTIVE OR PURPOSE

The Company recognises the importance of aligning the business objectives with specific and measurable individual objectives and targets. The Company has therefore formulated this Policy for its Directors, KMP, SMP and other employees keeping in view the following objectives:

- 2.1 Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the people.
- 2.2 Formulate the criteria for determining qualifications, positive attributes, and independence of a director.
- 2.3 Recommending to the Board the remuneration of the directors, KMP, SMP and other employees of the Company.
- 2.4 Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.
- 2.5 Ensuring that remuneration involves a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

3. DEFINITIONS

In this Policy, the following terms shall have the following meanings:

- 3.1 "**Board**" means Board of Directors of the Company
- 3.2 "**Director**" means a director appointed to the Board of the Company.



3.3 "**Committee**" means Nomination and Remuneration Committee (**NRC**) of the Company as constituted by the Company's Board in accordance with the provisions of Section 178 of the Act and SEBI Regulations, as amended, from time to time.

3.4 "**Key Managerial Personnel**" 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 the whole time employment, designated as KMP by the Board; and
- (vi) such other officer as may be prescribed under the Act.

3.5 "**Senior Management Personnel (SMP)**" shall mean the officers and personnel of the Company who are members of 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.

4. PROCESS FOR APPOINTMENT / RE-APPOINTMENT OF DIRECTOR

4.1 The NRC reviews and assesses the Board composition and recommends the appointment of new Directors, by identifying persons who are qualified to become directors on the Board;

4.2 Prior to recommending a candidate for appointment/ re-appointment on the Board, the NRC shall consider following factors for evaluation:

4.2.1 Balance of skills, relevant educational qualifications, knowledge, integrity, judgement for performing the duties and responsibilities of a Director and experience on the Board. On the basis of such evaluation NRC prepares a description of the role and capabilities required of an Independent Director.

4.2.2 The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description.

4.2.3 For the purpose of identifying suitable candidates, the NRC may consider the candidates from a wide range of backgrounds, having due regard to diversity, and the time commitments of the candidates.



- 4.3 The Board through the Chairman will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Act as well as SEBI Regulations. The Company shall ensure that approval of shareholders for appointment or reappointment of a person on the Board of Directors is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier or in such other manner as may be permitted under the applicable law.
- 4.4 There shall be no conflict of interest in performing duties as a Director on the Board or in case of conflict of interest, it would be prudent to conclude that the conflict will not create a material risk that the person will fail to perform the duties properly and independently, and adequate disclosures are made by the person in this regard.
- 4.5 The new Director is expected to adhere to the Code of Conduct and highest level of Corporate Governance, both in letter and in spirit.
- 4.6 The candidate shall be able to devote sufficient time and attention required to properly discharge his/her fiduciary duties in his capacity as Director.
- 4.7 The Company shall ensure that the person appointed as Director/ Independent Director is not disqualified under the Act and rules made thereunder, the SEBI Regulations and such other applicable laws, as may be amended, replaced, substituted, re-enacted from time to time.
- 4.8 In case of re-appointment of Director(s), the Board shall take into consideration, the performance evaluation of director, engagement of the director and contribution made in the deliberations of the Board.
- 4.9 In case of appointment of Independent Directors, the NRC shall also consider the additional criteria prescribed for Independent Directors under various applicable Laws.
- 4.10 The Directors shall be appointed in the Company for a fixed period and there will be no permanent Board seat in the Company.

5. GENERAL CRITERIA FOR SELECTION/APPOINTMENT

- 5.1 The Company is required to appoint a MD/Manager/CEO and in their absence a Whole-time Director. The Company is also required to appoint a Company Secretary, Chief Financial Officer and SMP. The Company may also appoint a CEO who may or may not be a director;
- 5.2 The NRC shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as KMP



and SMP and accordingly recommend to the Board his / her appointment to the Board;

- 5.3 The NRC shall identify person who may be appointed as KMP and SMP in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal.
- 5.4 The KMP and SMP shall be appointed as per the procedure laid down under the provisions of the Act, and rules made there under and as per applicable SEBI Regulations, or any other enactment for the time being in force.
- 5.5 Each KMP and SMP is required to sign the letter of appointment with the Company containing the terms of appointment and the role assigned in the Company.

6. REMUNERATION FOR INDEPENDENT DIRECTORS AND NON-INDEPENDENT NON-EXECUTIVE DIRECTORS

- 6.1 Independent Directors (**ID**) and Non-Independent Non-Executive Directors (**NED**) may be entitled to sitting fees for attending the meetings of the Board and the Committees of which they are members and commission within the limits, as prescribed.
- 6.2 Within the parameters prescribed by under the provisions of the Act, and the rules made thereunder, the payment of sitting fees and commission will be recommended by the NRC and approved by the Board.

The NRC will recommend to the Board, the quantum of commission for the eligible Director (as decided at the time of his/her appointment) based on Net profit of the Company, calculated in terms of the provision of the Act.

- 6.3 In addition to the sitting fees and commission, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/her role as a Director of the Company. This could include reasonable expenditure incurred by the Director for attending Board/Board committee meetings, general meetings, court convened meetings, meetings with shareholders/creditors/management, site visits, induction and training (organised by the Company for Directors) and in obtaining professional advice from independent advisors in the furtherance of his/her duties as a director.

7. REMUNERATION FOR MANAGING DIRECTOR (MD)/WHOLE TIME DIRECTORS (WTD)/CEO

- 7.1 At the time of appointment or re-appointment, the Managing Director, Whole time Director and CEO shall be paid such remuneration as may be mutually agreed between the Company and the MD/WTD/CEO.



- 7.2 The remuneration to be paid to the Managing Director/Executive Director/CEO shall be in accordance with the provisions of the Act, and the rules made thereunder.
- 7.3 The remuneration of the Managing Director/Executive Director/CEO is broadly divided into fixed and variable component. The fixed component shall comprise for salary, allowances, perquisites, amenities and retrial benefits. The variable component shall be determined as per the Variable Pay Policy as may be decided by the Committee.
- 7.4 The remuneration for the Managing Director/Executive Director/CEO shall be recommended by the NRC to the Board of Directors. The said remuneration will be subject to the approval of the shareholders.
- 7.5 The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be decided by the Committee on the basis of:
- 7.5.1 Market competitiveness and Industry benchmark;
 - 7.5.2 Individual role played in managing the Company including responding to the challenges faced by the Company;
 - 7.5.3 Based on the Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs/KPIs;
- 7.6 Increments to the existing remuneration/ compensation structure may be recommended by the NRC to the Board which should be within the limits approved by the Shareholders in the case of Managing Director/ WTD/CEO.

8. REMUNERATION TO KMPs, SMPs AND OTHER EMPLOYEES

- 8.1 The KMP's, SMP and other employees are assigned different grades according to their qualifications and work experience, competencies as well as their roles and responsibilities.
- 8.2 Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.
- 8.3 The remuneration of the KMP, SMP and other employees are divided into fixed and variable component. The fixed component shall comprise for salary, allowances, perquisites, amenities, and retrial benefits, as applicable. The variable component shall be determined as per the Variable Pay Policy as may be decided by the Committee.



8.4 The remuneration including annual increment and performance incentive is decided based on the criticality of the roles and responsibilities, the Company's performance vis-a-vis-annual budget achievement, individual performance vis-à-vis KRIs/KPIs, industry benchmark and current composition trends in the market.

8.5 For the KMP's, SMP and other employees, the management will carry out the individual performance review based on the standard appraisal matrix and after considering the appraisal score card and to the factors, as decided by the management, recommends the annual increment and performance incentive to the Committee for its review and approval.

8.6 NRC shall recommend to the Board, all remuneration, in whatever form, payable to SMP and KMP.

9. PREMIUM ON INSURANCE POLICY

Where any insurance is taken by the Company on behalf of its Directors, KMP and SMP 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.

10. POLICY IMPLEMENTATION

The NRC shall monitor and review the policy as and when deemed necessary and recommend the necessary changes to the Board for its approval.

11. AMENDMENT TO THE POLICY

The Board may vary the above policy on need basis in accordance with the Act and rules made thereunder.

Approved by the Board on March 27, 2015.

Amended on March 14, 2024.