

LGB FORGE LIMITED

NOMINATION AND REMUNERATION POLICY

{Pursuant to SEBI (Listing Obligations and Disclosure Requirements), 2015}

INTRODUCTION:

LGB Forge Limited has adopted this Nomination and Remuneration Policy (the "Policy"), to ensure the appropriate appointment and remuneration of the Directors, Key Managerial Personnel ("KMP") and Senior Management as required under the provisions of Section 178 of the Companies Act, 2013 and the rules made thereunder as amended from time to time (the "Act") and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

OBJECTIVE:

In order to comply with the requirements of Section 178 of the Act and Regulation 19 of the SEBI (LODR) Regulations, 2015 and any other applicable provisions, the Nomination and Remuneration Committee of the Board of Directors of the Company (the "Committee") had formulated this policy (the "Policy") and has been approved by the Board of Directors.

The key objectives of the Policy are as follows:

- a. To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive / Non-Executive) and recommend to the Board of Directors of the Company (the "Board"), policies relating to the remuneration (payable in whatever form) of the Directors, Key Managerial Personnel and other employees.

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:

- i. use the services of an external agencies, if required.
 - ii. consider candidates from a wide range of backgrounds having due regard to diversity and
 - iii. consider the time commitments of the candidates.
- b. To formulate criteria for evaluation of performance of independent directors and the members of the Board.
 - c. To devise a Policy on Board Diversity.

- d. To identify 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.
- e. To determine whether to extend or continue the term of appointment of the Independent Director(s), on the basis of the report of performance evaluation of Independent Directors.
- f. To recommend to the Board, all remuneration, in whatever form, payable to senior management.

DEFINITIONS:

- a. **“Act”** means the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time.
- b. **“Board”** means the Board of Directors of the Company.
- c. **“Directors”** shall mean Directors of the Company.
- d. **“Remuneration”** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- e. **“Committee”** means Nomination and Remuneration Committee of the Board of Directors of the Company.
- f. **“Company”** means LGB Forge Limited.
- g. **“Key Managerial Personnel”** or **“KMP”** means in relation to a Company as defined sub-section 51 of Section 2 of the Companies Act, 2013, 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
- h. **“Senior Management”** shall mean officers and personnel of the listed entity who are members of its core management team excluding the board of directors shall also comprise all the members of management one level below the chief executive officer/managing director/whole time director/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 Chief Financial Officer.
- i. **“Independent Director”** means a director referred to in Section 149(6) of the Act.

POLICY RELATING TO APPOINTMENT, REMUNERATION AND REMOVAL OF DIRECTORS, KMP AND SENIOR MANAGEMENT:

a. Appointment criteria and qualifications:

- i. 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.
- ii. 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 is sufficient / satisfactory for the concerned position.
- iii. The Company shall obtain the approval of its shareholders for appointment of a person on the Board of Directors as a Manager at the next general meeting or within a period of three months from the date of appointment, whichever is earlier.
- iv. The appointment, re-appointment or removal of Independent Director of the Company shall be subject to the approval of the shareholders by way of special resolution.
- v. The Company shall ensure that the appointment or re-appointment of a person, including as a managing director or a whole time director or a manager, who was earlier rejected by the shareholders at a general meeting, shall be done only with the prior approval of the shareholders. The statement referred to under sub-section (1) of Section 102 of the Companies Act, 2013, annexed to the notice to the shareholders, for considering the appointment or re-appointment of such a person earlier rejected by the shareholders shall contain a detailed explanation and justification by the Nomination and Remuneration Committee and the Board of Directors for recommending such a person for appointment or re-appointment.
- vi. The Company shall not appoint or continue the employment of any person as Managing Director or Whole-time Director who has attained the age of seventy-five years. Provided that the term of the person holding this position may be extended beyond the age of seventy-five years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy-five years.

b. Term / Tenure:

Managing Director / Whole-time Director / Executive Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Chairman and Managing Director, Managing Director, Whole Time Director or Executive Director for a term not exceeding 5 (five) years at a time. No re-appointment shall be made earlier than 1 (one) year before the expiry of term.

Independent Director:

- i. An Independent Director shall hold office for a term up to 5 (five) consecutive years on the Board 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.
- ii. No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of 3 (three) years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of 3 (three) years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

- iii. At the time of appointment of Independent Director(s) it should be ensured that number of Boards on which such Independent Director serves is restricted to 7 (seven) listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act or the SEBI (LODR) Regulations, 2015.
- iv. The Independent Director, who resigns from the Company, shall be appointed as an Executive / Whole Time Director on the Board of the Company, its holding, subsidiary or associate company or on the board of a company belonging to its promoter group, unless a period of one year has elapsed from the date of resignation as an Independent Director.

KMP/Senior Management Personnel:

- i. The Company may in general not appoint or continue the employment of any person as KMP / Senior Management Personnel who has completed the age of retirement i.e., Fifty-Eight (58) years.
- ii. But at the discretion of the Top Management, the retirement age can be extended to Sixty (60) years subject to competency and good health of the individual. Subsequently, subject to the same criteria of competency and good health, on a yearly basis of evaluation the retirement age can be extended to Sixty-five (65) years. The same criteria of competency and good health shall apply also for appointments upto the age of Sixty-five (65) years.

c. Evaluation:

The Committee shall carry out evaluation of performance of every Director yearly or at such intervals as may be considered necessary.

The Committee shall specify the manner for effective evaluation of performance of Board, its committees and individuals 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.

The KMP/Senior Management Personnel shall be evaluated on the basis of the HR Policy of the Company inclusive of the following criteria:

- i. Individual Performance – based on the target (KPI's) set for him / her at the commencement of the performance year.
- ii. Organisation Performance – based on the organisation performance target set at the commencement of the year.

d. Removal:

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

e. Retirement:

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. 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.

f. Remuneration:

➤ **General:**

- i. The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management 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 Central Government, wherever required.
- ii. The remuneration and commission including increments, to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down as per the provisions of the Act.
- iii. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director or as laid down as per the provisions of the Act.

➤ **Remuneration to Whole-time / Executive / Managing Director:**

i. **Remuneration:**

The Whole-time / Executive / Managing Director shall be eligible for a monthly remuneration as may be approved by the shareholders of the Company on the recommendation of the Committee and the Board of Directors. The breakup of the pay

scale and quantum of perquisites including but not limited to, employer's contribution to Provident Fund (P.F.), Superannuation Fund, Pension Scheme, medical expenses, club fees, leave travel allowance, etc. shall be governed as per the provisions of the Companies Act, 2013 and its rules made thereunder (including amendments or modification made for the time being in force) and shall be decided and approved by the Board based on the recommendation of the Committee and approved by the Shareholders and Central Government, wherever required.

ii. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time / Executive / Managing Director in accordance with the provisions of Section 197 of the Act and Schedule V to the Act and if it is not able to comply with such provisions, then with the previous approval of the Central Government.

➤ **Remuneration to Non- Executive / Independent Director:**

i. Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of the Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. 1,00,000/- (Rupees One Lakh) per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

ii. Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

iii. Stock Options:

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

➤ **Remuneration to KMP and Senior Management Personnel:**

The Remuneration to be paid to KMPs / Senior Management Personnel shall be based on the experience, qualifications and expertise of the related personnel and the prevailing market standards.

The KMP and the Senior Management Personnel of the Company shall be paid remuneration as per the Company's HR policies and/or as may be approved by the Committee. The breakup of the pay scale and quantum of perquisites including employer's contribution to P.F. pension scheme, medical expenses, etc., shall be as per the Company's HR Policy.

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. Any departure from the policy shall be recorded and reasoned in the Committee and Board Meeting minutes.

SEPARATE MEETING OF INDEPENDENT DIRECTORS:

As per Schedule IV to the Companies Act, 2013 and Regulation 25 of SEBI (LODR) Regulations, 2015, the Independent Directors of the Company shall hold at least one meeting in a financial year, without the attendance of Non-independent Directors and members of the management and all the independent directors shall strive to be present at such meeting.

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS:

The Company shall familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes. The details of such familiarisation programmes shall be disclosed in the annual report as part of the Board's report therein, in line with the requirements of the Companies Act, 2013.

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.

(The amendments to this policy has been approved by the Board of Directors, at their meeting held on May 22, 2024 and the same has been made effective from that date).