

USHA MARTIN LIMITED

REMUNERATION POLICY

The philosophy for remuneration of Directors, Senior Management Personnel and all other employees of the Company is based on the commitment of fostering a culture of leadership with trust. The Remuneration Policy is aligned to this philosophy.

This Remuneration Policy has been prepared pursuant to the applicable provisions of the Act and SEBI LODR. In case of any inconsistency between the provisions of law and this remuneration policy, the provisions of the law shall prevail and the Company shall abide by the applicable law.

(i) DIRECTORS

A) Non-Executive Directors

- 1) Sitting Fees: Every Non-Executive Director of the Company shall be entitled to a sitting fees or such amount as may be decided by the Board for attending every Board Meeting and Committee Meeting in which such Director is a member in accordance with the provisions of the Act and SEBI LODR.
- 2) Commission: In case of adequate profit Non-Executive Directors shall be entitled to commission upto such percentage of the net profit calculated in the manner as prescribed and allowed under the Act. The above commission shall be apportioned in the manner as may be decided by the Board.
- 3) Re-imbusement of travelling and hotel expenses: Non-Executive Directors shall be entitled to reimbursement of expenses on account of travelling and hotel expenses for attending Board and / or Committee Meetings and / or visit to any place on Company's business.

B) Executive Directors

Remuneration payable to Executive Directors shall be fixed from time to time by the Nomination & Remuneration Committee, Board of Directors and Shareholders within the overall ceiling mentioned under the Act..

In case of loss or inadequate profits, the Executive Directors will receive the above remuneration as minimum remuneration subject to approval of Central Government, where applicable.

(ii) SENIOR MANAGEMENT PERSONNEL

The remuneration of Senior Management Personnel shall generally have the following constituents:

- Basic salary
- House Rent Allowance
- Special Allowance
- Conveyance
- Medical
- Leave Travelling Allowance
- Provident Fund
- Gratuity
- Superannuation

All senior management staff of the Company have fixed pay excepting the officers who are working in Company's subsidiaries or joint venture companies.

Senior Management Personnel are entitled to retiral benefits like gratuity, provident fund, superannuation, etc as per the Human Resource Policy of the Company. They are also entitled for benefits and perks as applicable as per Company's Policy.

The annual revision of the salary of senior management personnel will be based on performance as per the annual plan of the preceding year and is decided by a Committee consisting of President (HR), Jt. Managing Director and Managing Director.

(iii) OTHER EMPLOYEES

The Employees of the Company are basically divided into two categories viz. Non-Officers or Workmen and Officers or Executives. The Non-Officers or Workmen of the Company are unionized and their remuneration and other benefits are covered under the Long-term Settlement with Union, which is done in every 4 years. Besides the above, a Workman is entitled for a Production Incentive prevailing in the Plant, he is employed.

This Policy covers Officers/ Executives, which is explained below –

Officers of the Company are divided into 12-13 levels and all are having Fixed Salary based on the Components viz. Basic, House Rent Allowance, Conveyance, Additional Allowance, Special Allowance, Medical Allowance, Leave Travel Allowance and the contribution to the various Statutory/Retrial Benefits. The above components consist of the total Cost to the Company of the individual Officer. The yearly increment is given based on an Increment Matrix linked with the Appraisal Points, finalized by his immediate Superior and JMD/COO. The yearly increments of DGM and above located at Plants will generally be finalized

on recommendation of Plant Head based on performance and subsequently finalized by MD/JMD. Apart from the above, the Officers based in the Plants are entitled for Production Incentive. The following shall be considered for determining remuneration or revision of remuneration: -

A) Compensation Survey

To have an Officer Remuneration Survey of the Steel/Engineering Industry and to assess the present Compensation of the Officers given by the Company falls in what percentile of the highest paid Company. This Survey should also include the Entry Compensation of Graduate Engineer Trainees, Diploma Holder Trainees etc. It is also proposed to rationalize the so many prevailing grades of the Officers and align it with the similar Industry, so that Compensation Benchmarking can be more adequate and effective.

B) Salary Correction

The Salary Corrections are to be taken up during the annual increment. In this process, the high potential and high performing Officers are to be brought to the range of around 75 percentile of the best paid industry to raise the exit bar. The above average performers can be brought to 50-60 percentile or as decided by the Management. The average performers and below will get normal increment, if continued in the employment.

C) Introduction of Performance Pay

The General Manager and above (around 46 in number) are to be considered as Leadership positions in the Company. The position holders are generally Departmental Heads or other Key position holders in Commercial Departments. It is proposed that their total Salary Package, which is a fixed salary is to be bifurcated into 80% Fixed and 20% Variable, linked with agreed quantifiable targets and overall performance of the Company unless otherwise decided jointly by the President (HR), Jt Managing Director and Managing Director on case to case basis.

D) Rationalisation of Perquisites

Existing perquisites of the Company given to the Officers may be revisited as per the Human Resource Policy of the Company to be jointly decided by the President (HR), Jt. Managing Director and Managing Director.