



NOMINATION REMUNERATION AND EVALUATION POLICY

1. INTRODUCTION

This policy is called **"GMM PFAUDLER LIMITED - NOMINATION REMUNERATION AND EVALUATION POLICY"** (hereinafter referred to as "Policy"), framed pursuant to Section 178 of the Companies Act, 2013 and rules framed thereunder ("Act") and Regulation 19 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force.

2. OBJECTIVE

This Policy is intended to achieve the following objectives:

- a) Appointment and removal of Directors, KMPs and SMPs;
- b) Remuneration payable to the Directors, KMPs and SMPs;
- c) Evaluation of individual Directors, Chairperson of the Board, the Board as a whole and the Committees of the Board.

3. SCOPE

This Policy applies to the Directors, KMPs, SMPs and other employees in accordance with the provisions of the Act and Listing Regulations.

4. DEFINITIONS

- a. **"Applicable Law"** includes (a) the Companies Act, 2013 and rules made thereunder as amended from time to time; (b) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time; (c) Indian Accounting Standards; (d) any other statute, law, Industry standards, regulations or other governmental circulars, notifications or instructions (including circular, notifications, guidance issued by regulatory authorities from time to time) as may be applicable to the Company.
- b. **"Board"** or **"Board of Directors"** refers to the Board of Directors of GMM Pfaudler Limited.
- c. **"Company"** or **"GMM Pfaudler"** means GMM Pfaudler Limited.
- d. **"Director"** means directors of the Company including Executive, Non-Executive and Independent directors.
- e. **"Key Managerial Personnel"** shall mean
 - (i) Chief Executive Officer or the Managing Director or the Manager;
 - (ii) the Company Secretary;
 - (iii) the Whole-time Director(s);
 - (iv) the Chief Financial Officer; and
 - (v) such other officer, not more than one level below the directors who is in whole time employment and designated as KMP by the Board; and
 - (vi) such other officer as may be prescribed under the Applicable Law.



- f. **“Nomination & Remuneration Committee (NRC)”**: means a Committee of the Board of Directors of the Company constituted under the Applicable Laws.
- g. **“Senior Management Personnel”** shall mean the officers and personnel of the Company who are members of its 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 persons identified and designated as Key Managerial Personnel, other than the Board of Directors.

5. APPOINTMENT

A) Appointment of Directors, KMP & SMP

- NRC shall identify and decide the essential and desirable skills/ competencies/ expertise/ experience/criteria of independence required from the individuals for the office of Directors, KMP & SMP.
- The expertise required from the Directors, KMP & SMP would be defined based on the Company’s strategy and needs.
- While evaluating a person for appointment, the NRC shall:
 - i. Evaluate number of factors including but not limited to qualification, background, knowledge, skills, professional experience and functional expertise, educational and professional background, diversity of thoughts, personal accomplishment, Industry experience relevant to the business and the role.
 - ii. Identify the ability to allot sufficient time for his professional commitments and exercise independent judgement.
 - iii. for the purpose of identifying suitable candidates, the Committee may:
 - a. use the services of an external agencies, if required;
 - b. consider candidates from a wide range of backgrounds, having due regard to diversity;
 - c. consider the time commitments of the candidates
 - iv. evaluate such other factors that the Committee might consider relevant and applicable from time to time towards achieving a diverse Board and the candidates identified for appointment as Directors and KMP should possess the requisite qualifications and attributes as per the Applicable Laws.



- v. During the term of the office, every appointee shall-
 - (a) Uphold ethical standards of integrity and probity;
 - (b) Act objectively and constructively;
 - (c) Exercise responsibilities in bona-fide manner in the interest of the Company;
 - (d) Demonstrate leadership skills;
- The appointment of Director and KMP shall be subject to the compliance with Applicable Laws and the Articles of Association of the Company.

B) Appointment of other employees

The appointment of other employees shall be made on the basis of the experience, qualification, expertise of the individual as well as the roles and responsibilities required for the position and shall be approved by the Human Resource Department under the overall control of the Managing Director.

C) Letters of appointment

The appointments shall be formalized through a letter of appointment to be issued by the Company in accordance with the Applicable Laws.

6. RETIREMENT OF DIRECTORS, KMP & SMP

- The retirement age of Director shall be as per the Applicable Laws.
- The retirement age of KMP & SMP shall be as per the Company's policies.
- Subject to the Applicable Laws, the Board shall have the discretion to retain the Director, KMP & SMP even after attaining the retirement age, for the benefit of the Company.

7. REMOVAL OF DIRECTORS, KMP & SMP

- The removal of Director, KMP or SMP may be warranted due to reasons such as disqualification prescribed under the Applicable Laws, performance, disciplinary reasons etc.
- Such removal shall be approved by the Board basis recommendation of the NRC.

8. REMUNERATION

A) Executive Director(s):

- The remuneration (including revision thereof) payable to Executive Director(s) shall be determined by the NRC and recommended to the Board for approval.
- Such remuneration shall be subject to the approval of the shareholders of the Company, wherever required under the Applicable Laws and the Articles of Association of the Company.
- The remuneration shall comprise a mix of Fixed Remuneration and Variable remuneration.
- Additionally, the Executive Director(s) (*other than promoters or a person belonging to the promoter group*) may be entitled to Employee Stock Options granted under any Employee Stock Option Plan/Scheme(s), Stock Appreciation Rights granted under any Stock Appreciation Rights Plan/Scheme(s) of the Company and such other long term incentive schemes of the Company.



B) Non-Executive Director(s) (NED):

- The NRC shall determine the remuneration payable to NED including the mode, quantum, recipients of the remuneration and the frequency of payment of such remuneration and recommend the same to the Board for approval.
- The remuneration of NED shall comprise the following:
 - a) Commission; and
 - b) Sitting fees for attending each meeting of the Board and its Committees.
- The remuneration of NED (including revisions thereof) shall be based on certain financial parameters like the performance of the Company, its market capitalization, etc., industry benchmarks, role of the Director and such other relevant factors.
- Independent Directors shall not be entitled to any stock options or stock appreciation rights of the Company.

C) Remuneration to KMP & SMP

- The remuneration (including revision thereof) payable to KMP or SMP, shall be determined by the NRC and recommended to the Board for approval.

Factors to be considered while determining the remuneration to Directors, KMP and SMP

- a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and SMP to deliver the quality required to run the company successfully;
- b. Remuneration is linked to performance and aligned with defined performance benchmarks;
- c. Remuneration to Directors, KMP and SMP 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.

D) Remuneration to other employees

The remuneration including revision in remuneration of other employees shall be decided by the Human Resource Department in consultation with the department heads within the overall framework of compensation and appraisal practices of the Company and under the overall authority of Managing Director.

9. EVALUATION/ ASSESSMENT OF DIRECTORS OF THE COMPANY

NRC shall determine a process for evaluating the performance of every Director, Committees of the Board and the Board on an annual basis. The Committee shall also review its own performance on an annual basis. The Committee may seek the support and guidance of external experts and agencies for this purpose.



10. INTERPRETATION

Words, terms, and expressions used in this Policy and not defined herein shall have the same meaning ascribed to it in the Applicable Laws.

In the event of conflict between the terms of this Policy and any provision in an Applicable Law, the provision of the Applicable Law shall prevail.

11. REVIEW AND AMENDMENT

This Policy may be amended by the Board from time to time to be in line with any amendments made to the Act, Listing Regulations or any other relevant legislation/applicable law.

Document Control

All changes to the process document can be made only by the Document Owner.

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