



REMUNERATION POLICY

of

VESUVIUS INDIA LIMITED

Registered Office :

P-104 Taratala Road
Kolkata 700 088
CIN : L26933WB1991PLC052968
Phone : +91-033-30410600
Email : vesuviusindia@vesuvius.com
Website : www.vesuviusindia.com

(Approved on November 10, 2014. Amended on May 7, 2015,
and on November 4, 2019)

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises Non-executive Directors of the Company out of which at least one-half are Independent Directors and as such complies with the obligations of the Companies Act, 2013 and the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [“SEBI (LODR) “. The Chairperson of this Committee is an Independent Director. The Chairperson of the Board of Directors may be a member of this Committee but will not Chair this Committee.

The Committee operates under formal terms of reference which were approved by the Board on April 29, 2014. These terms of reference have been prepared in a manner to generally maintain overall continuity with the nomination and remuneration policies of Vesuvius plc, the ultimate holding company, while complying with the Companies Act, 2013 and SEBI (LODR) as amended from time to time.

Role and Responsibilities

The Committee’s foremost priorities are to ensure that the Company has the best possible leadership and maintains a clear succession plan for both Executive and Non-executive Directors and senior management of the Company. Its prime focus is therefore on the strength of the Board and the senior management team and ensuring that appointments are made on merit, qualifications, positive attributes and adherence to objective criteria, while selecting the best candidate for the post. The Committee advises the Board on appointments, retirements and resignations from the Board and its Committees. It also advises the Board on similar changes to the senior management of the Company.

The Committee and its members are empowered to obtain outside legal or other independent professional advice, at the cost of the Company, in relation to its deliberations and to secure the attendance at its meetings of any employee or other parties it considers necessary.

Criteria for appointments and independence of directors

When considering appointments to the Board and its Committees, the Nomination and Remuneration Committee will draw up a specification for the role taking into consideration the balance of skills, knowledge and experience of its existing members, the diversity of the Board and the Company's ongoing requirements. The Company believes that diversity underpins the successful operation of an effective Board and embraces diversity as a means of enhancing the business.

The recruitment process then focuses on appointing candidates who meet the criteria, who have the relevant professional knowledge, professional qualifications and experience. Successful candidates are likely to have demonstrable leadership qualities and interpersonal communication skills, act with integrity and have international business exposure.

Care is taken to ensure that all proposed appointees have sufficient time available to devote to the role, are compliant with the rules, policies and Values of the Company and do not have any conflicts of interest.

On appointments or promotions the Committee will typically use the Remuneration Policy of the Company to determine ongoing remuneration. However, the Committee retains the discretion to make appropriate remuneration decisions outside the Standard Policy to meet specific circumstances.

Remuneration Policy

The overarching philosophy for remuneration within Vesuvius is to attract, retain and motivate individuals of the calibre necessary to successfully implement the Company's business strategy. In particular, this means ensuring that incentive plans are appropriate to encourage enhanced performance and to avoid rewarding underperformance. In viewing and setting the Company's remuneration policy, the Committee seeks to balance the interests of its employees and those of its stakeholders, to support Company strategy and foster a high performance culture, where a meaningful portion of remuneration is performance linked.

a) Remuneration Policy for Non-executive Directors

Non-executive Directors who are nominees of the holding company are not entitled to commission on net profits or to sitting fees for attending meetings of the Board or its Committees.

Other non-executive Directors are entitled to sitting fees for attending meetings of the Board or its Committees at rates which are within the limits prescribed under the Companies Act, 2013. They are also entitled to commission on net profits, as determined by the Board from time to time, not exceeding 1% of the net profits of the Company for that year. The level of remuneration is set to attract and retain Non-executive Directors of the necessary skill and experience by offering them market competitive remuneration. The Chairman of the Board receives higher commission than the other Non-executive Directors. A Non-executive Chairman may be entitled to maintain a Chairman's Office at the Company's expense.

Non-executive Directors do not participate in Board discussions which relate to their own remuneration. They receive reimbursement of reasonable expenses incurred in attending the Board, Committee and other ad hoc meetings.

None of the Non-executive Directors is entitled to receive compensation for loss of office at any time or participate in any bonus scheme, share plans or retirement plans. The Directors and Officers Liability Insurance Policy taken by the Company covers all Directors and Officers of the Company.

Non-executive Independent Directors are appointed in compliance with the provisions of the Companies Act, 2013 and must adhere to the Code for Independent Directors laid down under Schedule IV to the Companies Act, 2013 and retain their independence during the entire tenure of appointment as an Independent Director. The terms of service of Non-executive Independent Directors are contained in letters of appointment issued to them after their appointment at a general meeting of the Company. The current policy for Non-executive Independent Directors of the Company is to serve for a maximum period of two terms of five years each, with review at the end of the first five year term, subject always to mutual agreement and annual performance evaluation. Except with the approval of the Shareholders through a special resolution at a general meeting, the Company will not appoint or continue to appoint any person as a Non-executive Director who has attained the age of 75 years.

Remuneration is paid subject to deduction of Income Tax at source and payment of applicable Goods and Service Tax.

b) Remuneration Policy for Executive Directors

An appropriate level of remuneration is set to ensure that the Company is able to recruit and retain Executive Directors of the necessary skill and experience by offering them market competitive remuneration reflecting their individual experience, role and contribution within the Company. The individual's performance is reviewed annually, with changes in remuneration normally effective from 1st January of each year. In considering any increase in base salary the Committee will mainly consider the role, changes in job scope, responsibility and complexity and the need to maintain market competitiveness. The Committee may make additional payments linked to relocation, retention and losses suffered when leaving the current employer.

The total remuneration package is designed to provide an appropriate balance between fixed and variable components with focus on long term variable pay so that strong performance is incentivised but without encouraging excessive risk taking.

The terms of service of each Executive Director as approved at a general meeting of the Company are contained in Agreements executed under the Common Seal of the Company. The Committee will periodically review the Executive Directors' contractual terms to ensure these reflect best practice. Normally the Executive Directors are appointed for five year periods on non-rotational basis with review at the end of each year. The severance notice period is normally six months. The Normal retirement age is 60.

Executive Directors are not entitled to sitting fees for attending meetings of Directors nor are they entitled to receive compensation for loss of office at any time. Executive Directors are entitled to commission on net profits as determined by the Board from time to time, not exceeding 5% of the net profits of the Company for that year where there is one Executive Director or not exceeding 10% of the net profits for all the Executive Directors taken together. At present the Managing Director is not entitled to commission on net profits.

Remuneration arrangements of Executive Directors consist of the same elements as those of other employees i.e. Basic Salary, HRA and other allowances, retirement benefits (i.e. provident fund, superannuation and gratuity as per the Company's Schemes applicable to all employees) and perquisites as per the Rules of the Company applicable to all employees including corporate club membership, insurance, car and fuel perquisites.

In addition, an Executive Director is entitled to incentives consisting of the Annual Incentive Plan (AIP) and the Medium Term Plan (MTP). These incentive plans are based on individuals' performance and the Company's financial performance. These may also include availing of ESOP Schemes of Vesuvius plc, the ultimate holding company, subject to approval of the Nomination and Remuneration Committee, Board of Directors and after obtaining all other necessary statutory approvals.

Executive Directors are entitled to avail themselves of leave and accumulation of leave as per the Leave Rules of the Company.

Loans or long term advances are not given to Executive Directors. However, in case of urgent requirements, the Board of Directors may grant such loans or long term advances, subject to approvals from the Government authorities, if required. Such loans or long

term advances if granted will not be more beneficial than the existing terms as available to employees of the Company.

The Committee does not consult directly with employees on Executive Directors' remuneration arrangements. However, the Committee may take into account the pay and employment conditions of other employees when determining Executive Directors' remuneration, particularly when determining base salary increases. The Committee will also obtain information on the remuneration paid for comparable roles at other relevant companies to provide a point of reference for determining remuneration policy.

c) Remuneration to senior management personnel

An appropriate level of remuneration is set to ensure that the Company is able to recruit and retain senior management with the necessary skills, professional qualifications, experience, international exposure and compliance with the rules and policies of the Company. Market competitive remuneration is offered to individuals reflecting their experience, role and contribution within the Company. The individual's performance is reviewed annually, with changes in remuneration normally effective from 1st January of each year. In considering any increase in base salary the Committee will mainly consider the role, changes in job scope, responsibility and complexity and the need to maintain market competitiveness. The Committee may make additional payments linked to relocation, retention and losses suffered when leaving the current employer.

The total remuneration package is designed to provide an appropriate balance between fixed and variable components with a focus on long term variable pay so that strong performance is incentivised but without encouraging excessive risk taking.

The terms of service of senior management personnel are contained in appointment letters issued by the Company and an Agreement, common to all employees, executed between the employee and the Company. The Committee will periodically review the contractual terms, rules and policies of the Company to ensure these reflect best practices and are compliant with various regulations. Normally senior management personnel are appointed until their retirement when they reach the age of 60 years, with review at the end of each year. The severance notice period is normally one month.

Remuneration arrangements of senior management personnel consist of the same elements as those of other employees i.e. Basic Salary, HRA and other allowances, retirement benefits (i.e. provident fund, superannuation and gratuity as per the Company's Schemes applicable to all employees) and perquisites as per Rules of the Company applicable to all employees according to their seniority including corporate club membership, insurance, car and fuel perquisites and incentive plans which are based on individuals' performance and the Company's financial performance. The Incentive Plan may also include availing of ESOP Schemes of Vesuvius plc, the ultimate holding company, subject to approval of the Nomination and Remuneration Committee, Board of Directors and after obtaining all other necessary statutory approvals.

As applicable to all employees, senior management personnel are entitled to avail themselves of leave and accumulated leave as per the Leave Rules of the Company.

The existing rules and terms of employment of all employees provide for granting refundable loans and long term advances to employees on terms and conditions of granting of loans as approved by the Board of Directors of the Company from time to

time. The Board in determining the terms and conditions of granting of the loans or long term advances, the limits of loan to be given to any individual and the interest rates applicable, if any, will consider the needs of the employees, availability of Company's funds and compliance with law.