

Remuneration Policy

1. Preamble

This Policy shall be called "Policy on Remuneration" (hereinafter referred to as "**Remuneration Policy**").

The Remuneration Policy of the Company is designed to keep pace with the business environment and market linked positioning and to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages.

The Company has constituted a Nomination and Remuneration Committee ("**Committee**"), which determines and recommends to the Board the remuneration payable to Directors, Key Managerial Personnel (KMP), Senior Management and other Employees. The Nomination and Remuneration Committee of the Company also reviews and recommends the quantum and payment of annual salary and commission and other employment conditions of the Directors, Key Managerial Personnel (KMP), Senior Management and other Employees. The Committee takes into consideration the best remuneration practices being followed in the industry while fixing appropriate remuneration packages.

2. Definitions

2.1 "**Act**" means the Companies Act, 2013 and rules made thereunder.

2.2 "**Board of Directors**" or the "**Board**" shall mean the Board of Directors of the Company, as constituted from time to time.

2.3 "**Company**" means Unitech Machines Limited.

2.4 "**Key Managerial Personnel**", shall have the meaning as defined under the Act and includes:

- i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-Time Director;
- ii) Company Secretary; and
- iii) Chief Financial Officer

2.5 "**Other Employees**" means, all the employees other than the Directors, KMPs and the Senior Management Personnel.

2.6 "**Senior Management**" means personnel of the Company who are members of its core management team other than the Board of Directors. It comprises of all members of the management who are one level below the Executive Directors and include the functional heads.

All the words and expressions used in this Policy, unless defined hereinafter, shall have meaning respectively assigned to them as per the Companies Act 2013 and the rules, notifications and circulars made/issued thereunder, as amended, from time to time.

3. Key Principles of the Policy

While designing compensation for Directors, Key Managerial Personnel and Senior Management, the following set of principles act as guiding factors:

- a) Aligning key executive and board remuneration with the longer term interests of the Company and its shareholders;
- b) Minimize complexity and ensure transparency;
- c) Link to long term strategy as well as annual business performance of the Company;
- d) Promotes a culture of meritocracy and is linked to key performance and business drivers; and
- e) Reflective of line expertise, market competitiveness so as to attract the best talent.

4. Remuneration to Executive Directors

- a) The remuneration to Executive Directors is recommended by the Nomination and Remuneration Committee and approved by the Board, subject to the subsequent approval by the shareholders at the general meeting and such other authorities, as the case may be.
- b) At the Board Meeting, only the Non-Executive and Independent Directors participate in approving the remuneration of the Executive Directors. The remuneration is arrived by considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry and the financial position of the Company. The elements of the remuneration and limits are pursuant to the Section 197 and Schedule V of the Act.

5. Remuneration Structure for Executive Directors

5.1 The remuneration structure for the Executive Directors would include the following components:

5.1.1 Basic Salary

- a) Provides for a fixed, per month, base level remuneration to reflect the scale and dynamics of business to be competitive in the external market.

b) Will be subject to an annual increase as per recommendations of the Nomination and Remuneration Committee and approval of the Board of Directors.

5.1.2 Commission

a) Executive Directors will be allowed remuneration, by way of commission which is in addition to the basic salary, perquisites and any other allowances, benefits and amenities;

b) Subject to the condition that the amount of commission shall not exceed the overall limits of 5% of net profit of the Company in a particular financial year in the manner referred in Section 197 & 198 of the Act; and

c) The amount of commission shall be paid subject to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors.

5.1.3 Perquisites and Allowances

Perquisites and Allowances would also form a part of the remuneration structure.

5.1.4 Contribution to Provident and Other funds:

In addition to the above, the remuneration would also include:

- a) Contribution to Provident and Superannuation Funds; and
- b) Gratuity.

5.1.5 Minimum Remuneration

If in any financial year during the tenure of the Executive Directors, the Company has no profits or its profits are inadequate, they shall be entitled to, by way of basic salary, perquisites, allowances, not exceeding the ceiling limit specified under Schedule V of the Act or such other limits as prescribed by the Government from time to time as minimum remuneration, subject to necessary approval, if any.

5.1.6 Remuneration to Non-Executive and Independent Directors

The Non-Executive and Independent Directors may be paid remuneration by way of sitting fees for attending meetings of Board or Committee thereof and profit related commission as approved by the Board and Shareholders. The amount of such sitting fees and commission shall be subject to ceiling/limits as provided under the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force. However, presently the remuneration is being paid only to Independent Directors and the Board on suggestion from non executive directors have decided not to pay any sitting fees at present to Non-Executive Directors.

6. Remuneration for Key Managerial Personnel, Senior Management and Other Employees

(i) Key Managerial Personnel (KMP) and Senior Management

The Remuneration shall be paid to Senior Management Personnel and KMPs shall be based on the remuneration policy of the Company and the experience, qualification and expertise of the related personnel and shall be decided by the Managing Director (for KMPs other than those who are at the WTD/Board level) of the Company as per the internal process in consonance with the limits, if any, prescribed under the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

The compensation for the Key Managerial Personnel and the Senior Management of the Company would be guided by the external competitiveness and internal parity through annual benchmarking surveys.

(ii) Other Employees

The power to decide structure of remuneration for other employees has been designed in the Remuneration Policy and implementation of the same is to be ensured by the Chairman, CEO & Managing Director of the Company or any other personnel that the Managing Director may deem fit to delegate.

7. Grade Structure

Employees are assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the Company. Individual remuneration is determined within the appropriate grade and is based on following:

- An individual's experience, skill, competencies and knowledge relevant to the job; and
- An individual's performance and potential contribution to the Company.

8. Disclosure

The Policy shall be disclosed as required under the Companies Act, 2013.

9. Amendments to the Policy and Policy Review

9.1 This Policy is framed pursuant to the provisions of the Act. In case of any subsequent changes in the provisions of the Act and rules thereunder or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over this Policy and the provisions in this Policy would be modified in due course to make it consistent with applicable provisions of the law.

9.2 Any changes or modification on the Policy as recommended by the Nomination and Remuneration Committee would be placed before the Board of Directors of the Company for their approval.

9.3 The Board of Directors of the Company may, subject to the applicable law, is entitled to amend, modify, suspend or rescind this Policy, at any time.

9.4 Any ambiguities, interpretative issues, difficulties will be resolved by the Board of Directors of the Company in line with the broad intent of this Policy read with the applicable provisions of the Act, rules and regulations made thereunder.