



B.S. SPONGE LIMITED
(Nomination Remuneration Policy)

1. BACKGROUND

Section 178 of the Companies Act, 2013 requires the nomination and remuneration committee (“**Committee**”) to recommend to the board of directors (“**Board/Board of Directors**”) a policy for nomination and remuneration of directors, Key Managerial Personnel (*as defined below*), Senior Management (*as defined below*) and other employees.

This nomination and remuneration policy (“**Policy**”) harmonises the requirements of the Companies Act, 2013 including any rules made thereunder, each as amended (“**Act**”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**SEBI Listing Regulations**”).

B.S. Sponge Limited (“**Company**”) considers its human resources its invaluable assets. This Policy has been formulated to align aspirations of the employees with the goals of the Company.

The Policy shall be applicable to the Company with effect from the listing of the equity shares of the Company on one or more recognized stock exchanges. The Board adopted the Policy at its meeting held on September 26, 2026.

2. OBJECTIVE

The objective of this Policy is to serve as a guiding charter to appoint qualified persons as directors on the Board of the Company (“**Directors**”), key managerial personnel of the Company, and in Senior Management positions in the Company (including personnel of the Company who are members of its core management team excluding Directors, comprising all members of management one level below the executive Directors, including the functional heads), to recommend the remuneration to be paid to them and to evaluate their performance. The Committee and this Policy shall be in compliance with Section 178 of the Act and Regulation 19 of SEBI Listing Regulations. The key objectives of the Committee would be:

- i. To devise proper methodology for evaluation and selection of candidates for directorships including independent directors, considering the corporate culture, business needs, diversity in composition and governance experience of the candidate.
- ii. To recommend to the Board appointment and removal of Directors (whole-time/non-executive/independent), KMP and Senior Management of the Company;
- iii. Identifying persons who are qualified to become Directors, persons who may be appointed as KMPs and in Senior Management positions in accordance with the criteria laid down in the Act and the Policy, and recommend to the Board for their
- iv.
- v. appointment and removal and carrying out evaluation of every Director’s performance (including independent Directors);
- vi. Identifying the criteria for determining qualifications, positive attributes and independence of a Director;
- vii. To recommend to the Board the remuneration payable to the Directors, KMP, Senior Management and other employees of the Company based on factors including the Company’s size, financial position, trends and practices on remuneration prevailing in peer companies in the similar industry;

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- viii. To evaluate the performance of every member of the Board, KMP, member of Senior Management and provide necessary report to the Board for their further performance evaluation by the Board;
- ix. To recommend reward(s) payable to the KMP and Senior Management, linked directly to their effort, performance, dedication and achievement relating to the Company's operations;
- x. To attract, retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage;
- xi. Assessing the independence of independent Directors; and
- xii. To do such other acts or deeds as may be referred by the Board or as may be necessary in view of the provision of the Act and SEBI Listing Regulations, whenever applicable.

3. DEFINITIONS

“Act” shall mean the Companies Act, 2013 including the rules made thereunder, as amended from time to time.

“Key Managerial Personnel” or “KMP” shall have the same meaning ascribed to it in clause (51) of section 2 of the Act and Regulation 2(1)(bb) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

“Other Employees” means the employees as may be decided by the Committee from time to time.

“Senior Management” shall have the same meaning ascribed to it in Regulation 16(1)(d) of the SEBI Listing Regulations.

Words and expressions not defined in this Policy shall have the same meaning as contained in the Act, the SEBI Listing Regulations or any other applicable laws or regulations. In case of any contradictions in the provisions of the SEBI Listing Regulations, the Act or any other regulation and provisions of the Policy, the provisions of the Act and the SEBI Listing Regulations will prevail over the Policy.

4. CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE

Pursuant to the provisions of Section 178 and other applicable provisions, if any, of the Act and Regulation 19 of the SEBI Listing Regulations, the Committee of the Company will be constituted as hereunder:

- i. The Board shall determine the membership of the Committee.
- ii. The Committee shall comprise of at least three members, all of whom shall be non- executive Directors, and at least two thirds of whom shall be independent Directors.
- iii. One of the independent non-executive Directors shall be designated by the Board to serve as the Committee's chairman.
- iv. The chairperson of the Company, whether executive or non-executive, may be appointed as a member of the Committee but shall not chair the Committee.

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- v. The quorum for a meeting of the Committee shall be either two members or one third of the members of the Committee, whichever is greater, including at least one independent Director in attendance. The Committee shall meet at least once in a year.

5. LETTER OF APPOINTMENT

Letter of appointment shall be issued by the Company to each Director, KMP and person in senior management based on the recommendations of the Committee on the basis of the guidelines for the same under the Act and this Policy and shall be accepted and signed by the concerned person.

6. ROLE OF COMMITTEE

The Committee shall:

- i. Identify persons who are qualified to become Directors and who may be appointed as Senior Management of the Company including KMPs in accordance with the criteria laid down in this Policy.
- ii. Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board, remuneration of the Directors, KMP, Senior Management and other Employees of the Company. The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:
 - a. the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;
 - b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c. remuneration to directors, key managerial personnel and senior management 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.
- iii. Formulation of criteria for evaluation of independent Directors and the Board. For every appointment of an independent Director, the 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:
 - a) use the services of external agencies, if required;
 - b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c) consider the time commitments of the candidates
- iv. Devising a policy on Board diversity.
- v. To lay down or amend Policy for appointment and removal of Director, KMP and Senior Management.
- vi. Recommend to the Board, appointment and removal of Director, KMP and Senior Management.

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- vii. Recommend to the Board whether to extend or continue the term of appointment of the independent Director, on the basis of the report of performance evaluation of independent Directors.
- viii. To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully.
- ix. To ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- x. To recommend to the Board, all remuneration, in whatever form, payable to Senior Management
- xi. To ensure that the remuneration to Directors, KMP and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives of the Company.
- xii. Administering, monitoring and formulating detailed terms and conditions of any employee stock ownership plans of the Company.
- xiii. Frame suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:
 - (i) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
 - (ii) the Securities and Exchange Board of India (Prohibition for Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, by the trust, the Company and its employees, as applicable.
- xiv. Carrying out any other activities as may be delegated by the Board of Directors of the Company, functions required to be carried out by the Nomination and Remuneration Committee as provided under the Companies Act, 2013, the SEBI Listing Regulations or any other applicable law, as and when amended from time to time

Appointment criteria and qualifications

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 and while doing so, take note of the following:

- i. The 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 and satisfactory for the concerned position.
- ii. The Company shall not appoint or employ at the same time a managing Director and a manager.
- iii. The Company shall not appoint or continue the employment of any person as managing Director, manager or whole-time Director who is below the age of twenty-one years or has attained the age of seventy years. Provided that the appointment of a person who has attained the age of seventy years or term of such person holding this position may be extended beyond the age of seventy 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 years in accordance with applicable law.

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- iv. At the time of appointment of a Director, it should be ensured that number of boards on which such Director serves as a Director, including an alternate directorship, is restricted to twenty companies (including not more than ten public companies). Further a person shall not be a Director in more than seven listed entities.
- v. The Company shall not appoint or continue the employment of any person as a non executive Director who has attained the age of seventy-five years, unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.
- vi. At the time of appointment of independent Director, it should be ensured that the number of boards of companies on which such independent Director serves is restricted to 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.
- vii. No independent Director, who resigns from a listed entity, 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. The Company shall ensure that approval of shareholders for appointment or re-appointment of a person on the Board is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier.
- viii. An independent Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.
- ix. Any vacancy in the office of independent Director shall be filled by appointment of a new independent Director within the prescribed period under the Act and/or SEBI Listing Regulations.
- x. Provided that where the company fulfils the requirement of independent Directors in its Board even without filling the vacancy, the requirement of replacement by / appointment of a new independent Director shall not apply.
- xi. The Company shall ensure that approval of shareholders for appointment of a person on the Board is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier.
- xii. The Committee shall ensure that there are appropriate induction and training programs in place for newly appointed Directors and KMPs.
- xiii. The Committee shall make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an executive Director as an employee of the Company subject to the provision of the law and their service contract.
- xiv. The appointment or a 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. Provided further that the statement referred to under sub-section (1) of section 102 of the Act, 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 Committee and the Board for recommending such a person for appointment or re-appointment.

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Tenure

Managing Director, whole-time Director, manager:

The Company shall appoint or re-appoint any person as its managing Director or whole-time Director or manager for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of the term.

Independent Director:

An independent Director shall hold office for a term up to five consecutive years 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. The appointment, re-appointment or removal of an independent Director of the Company, shall be subject to the approval of shareholders by way of a special resolution.

No independent Director shall hold office for more than two consecutive terms, but such independent Director shall be eligible for appointment after expiry of three years of ceasing to become an independent Director. Provided that an independent Director shall not, during

the above period of three years, be appointed in or be associated with the Company in any

other capacity, either directly or indirectly.

Continuation of Directors:

The continuation of a Director serving on the Board of the Company shall be subject to the approval by the shareholders in a general meeting at least once in every five years from the date of their appointment or reappointment, as the case may be. Provided that the requirement specified herein shall not be applicable to:

- i. the whole-time Director, managing Director, manager, independent Director or a Director retiring in accordance with the Act, if the approval of the shareholders for the reappointment or continuation of the aforesaid Directors or manager is otherwise provided for by the provisions of the SEBI Listing Regulations or the Act, and has been complied with;
- ii. the Director appointed pursuant to the order of a court or a tribunal;
- iii. a nominee Director of the government on the Board;
- iv. a nominee Director of a financial sector regulator on the Board;
- v. a Director nominated by a financial institution registered with or regulated by the Reserve Bank of India under a lending arrangement in its normal course of business or nominated by a debenture trustee registered with the Securities and Exchange Board of India under a subscription agreement for the debentures issued by the Company.

Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management at regular interval (annually).

Removal

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

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Retirement

The Director, 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.

Vacancy in the office of the chief executive officer, managing Director, whole time Director or Manager

Any vacancy in the office of chief executive officer, managing Director, whole time Director or manager shall be filled by the Company at the earliest and in any case not later than

three months from the date of such vacancy. Provided that the Company shall not fill such

vacancy by appointing a person in interim capacity, unless such appointment is made in accordance with the law applicable in case of a fresh appointment to such office and the obligations under such applicable laws are made applicable to such person.

Vacancy in the office of a director

Any vacancy in the office of a Director shall be filled by the Company at the earliest and in any case not later than three months from the date such vacancy. Provided that if the Company becomes non-compliant with the requirement under the SEBI Listing Regulations, due to expiration of the term of office of any Director, the resulting vacancy shall be filled by the Company not later than the date such office is vacated. Provided further that this shall not apply if the composition of the Board is compliant with the requirements of the SEBI Listing Regulations without filling the vacancy.

Vacancy in the office of the chief financial officer

Any vacancy in the office of the chief financial officer shall be filled by the Company at the earliest and in any case not later than three months from the date of such vacancy. Provided that the Company shall not fill such vacancy by appointing a person in interim capacity, unless such appointment is made in accordance with the laws applicable in case of a fresh appointment to such office and the obligations under such laws are made applicable to such person.

Vacancy in the office of a compliance officer.

Any vacancy in the office of the compliance officer shall be filled by the Company at the earliest and in any case not later than three months from the date of such vacancy. Provided that the Company shall not fill such vacancy by appointing a person in interim capacity, unless such appointment is made in accordance with the law applicable in case of a fresh appointment to the office of the compliance officer and the obligations under such applicable laws are made applicable to such person.

Policy relating to the remuneration for the whole-time Director, KMP and Senior Management Personnel

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 or post approval of the shareholders of the Company in accordance with applicable law.

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- ii. The remuneration and commission, including any increments, to be paid to the whole-time Directors, managing Directors, KMP and Senior Management shall be in accordance with the percentage, slabs, conditions laid down in the Act and/or SEBI Listing Regulations.
- iii. Where any insurance is taken by the Company on behalf of its managing Director, whole time Director, manager, chief executive officer, chief financial officer, the compliance officer and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
- iv. In discharging its responsibilities, the Committee shall have regard to the following policy objectives:
 - a) To ensure the Company's remuneration structures are equitable and aligned with the long-term interests of the Company and its shareholders;
 - b) To attract and retain and motivate competent individuals of the quality required to run the Company successfully;
 - c) To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
 - d) To plan short and long-term incentives to retain talent;
 - e) To ensure that any severance benefits are justified;
 - f) To ensure that the remuneration of the Directors, KMPs and persons in Senior Management positions is based and determined on the basis of individual's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any, including that the remuneration to be paid to the managing Director and chief executive officer and/or whole-time Director shall be in accordance with the percentage/ slabs/ conditions laid down in the articles of association of the Company and as per the provisions of the Act.
 - g) To ensure that individual remuneration packages for Directors, KMPs and other persons in Senior Management positions are determined after taking into account relevant factors, including but not limited to:
 - Qualification and experience
 - Level of engagement in the affairs of the Company
 - Market conditions
 - Financial and commercial health of the Company
 - Practice being followed in comparable companies
 - Prevailing laws and government/other guidelines
 - h) The remuneration / compensation / commission etc. to be awarded to the whole time Directors, KMPs and persons in Senior Management positions will be determined by the Committee and recommended to the Board for approval.

Remuneration to whole-time, executive, managing Director, KMP and Senior Management Personnel:

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Fixed pay:

The whole-time Director, managing Director, KMP and Senior Management shall be eligible for a monthly

remuneration as may be approved by the Board on the recommendation of the Committee. The breakdown of the pay scale and quantum of perquisites including, employer's contribution to the provident fund, pension scheme etc., as applicable, shall be decided and approved by the Board or the person's authorized by the Board on the recommendation of the Committee and approved by the shareholders, wherever required.

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 Director, managing Director, manager, as applicable, in accordance with the provisions of Schedule V of the Act.

Remuneration to non- executive, independent Directors:

Commission:

Commission may be paid on profits within the monetary limit approved by the shareholders, subject to the limit prescribed and computed as per the applicable provisions of the Act and/or SEBI Listing Regulations.

Sitting fees:

The non-executive and/or independent Directors may receive remuneration by way of fees for attending the meetings of Board or Committee thereof. Provided that the amount of such fees shall not such amount as may be prescribed by the central government from time to time. Provided further that for independent Directors and women Directors, the sitting fee shall not be less than the sitting fee payable to other Directors.

Stock options:

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

Reimbursement of expenses:

An independent Director may receive reimbursement of expenses for participation in the Board and other meetings of the Company.

Policy relating to remuneration and loans and advances to employees of the Company

1. Employees to be assigned grades according to their qualifications, work experience, competencies and their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs, as per the prevailing policy of the Company.
2. Loans and advances to the employees shall be granted in accordance with their conditions of service and shall be as per the prevailing policy of the Company.

7. EVALUATION/ASSESSMENT OF DIRECTORS

The evaluation/assessment of the Directors shall be conducted on an annual basis by the Committee. The following criteria shall assist the Committee in determining how effective the performances of the Directors have been:

- i. **Vision and clarity of roles & responsibility:** The individual Director should have awareness of fiduciary and statutory requirements and a clearly articulated vision. This includes clarity of role as a member of the Board of the Company.

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- ii. **Board processes:** The quality of Board processes such as decision making (i.e. how Directors ensure they are well informed to be able to make the decisions in the best interest of the Company and its stakeholders) selection and induction etc.
- iii. **Engagement with management:** How well the Board engages with the management to ensure it is well supported and able to meet the needs of its members.
- iv. **Board dynamics:** At the heart are the Board dynamics. It is the quality of individual relationships and dialogues that directly influences the quality of decision making and relationships with key stakeholders.
- v. **Frequency of participation:** The individual should make him/her available for attending the Board meetings of the Company and be available for providing his/her guidance and support in case of need.

The Committee shall prepare a performance evaluation report in relation to independent Directors basis the above criteria and decide whether to extend or cease the term of appointment of the independent Directors and accordingly make recommendations to the Board on the basis of such report.

8. DIVERSITY

The Committee shall ensure that the Board shall have an optimum combination of executive and non-executive Directors with at least one woman independent Director and not less than fifty per cent. of the Board shall comprise of non-executive Directors in accordance with the SEBI Listing Regulations.

The Committee may recommend to the Board with reasons recorded in writing, including any disqualification mentioned in the Act, SEBI Listing Regulations or under any other applicable law, removal of a Director, KMP or any other person in Senior Management position, subject to the provisions and compliance of the Act and other applicable law.

9. RETIREMENT

The Directors, KMP or any other person in Senior Management position, shall retire as per the applicable provisions of the Act and this Policy. The Board will have the discretion to retain any Director, KMP or any other person in Senior Management position, even after attaining the retirement age, for the benefit of the Company, subject to the provisions of the Act, SEBI Listing Regulations and other applicable law.

10. DISCLOSURE OF THIS POLICY

The Policy shall be disclosed in the annual report of the Company, as required under Act and the SEBI Listing Regulations and as may be required under any other law for the time being in force.

11. REVIEW

The Policy shall be reviewed by the Committee at appropriate intervals and based on its recommendations; the Board may revise the same from time to time.

12. CHAIRPERSON

The members of the Committee present at the meeting shall choose one amongst them to act as chairperson, who shall be an independent Director.

The chairperson of the Company may be appointed as a member of the Committee but shall not chair the Committee.

The chairperson of the Committee meeting or, in his absence, any other member of the Committee authorized by him in this behalf shall attend the general meetings of the Company.

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13. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required and/or as per the applicable provisions of the Act and/or SEBI Listing Regulations.

14. COMMITTEE MEMBERS' INTERESTS

A member of the Committee shall not be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

15. SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the Act, SEBI Listing Regulations or any other statutory enactments or rules as maybe applicable, the provisions of the Act, the SEBI Listing Regulations or any other such statutory enactments or rules shall prevail over this Policy and the part(s) so repugnant shall be deemed to be severed from the Policy and the rest of the Policy shall remain in force.

16. VOTING

Matters arising for determination at Committee meetings shall be decided by a majority of votes of members present and voting and any such decision shall for all purposes be deemed a decision of the Committee

In the case of equality of votes, the chairperson of the meeting will have a casting vote.

17. DISSEMINATION

The details of the policy and the evaluation criteria as applicable shall be published on company's website and accordingly disclosed in the annual report as part of board's report therein.

18. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings shall be duly recorded in the minutes, tabled at the subsequent Board and Committee meeting and shall be signed by the chairman of the Committee within 30 days from the date of conclusion of such meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

Ashish Agarwal
Managing Director

REGISTERED OFFICE

34A, Metcalfe Street, 2nd Floor, Room No. 2C/3,
Kolkata - 700 013, West Bengal, India

CORPORATE OFFICE

202,2nd Floor, Block A, Crystal Arcade, Lodhipara
Chowk, Raipur - 492 001, Chhattisgarh, India

MANUFACTURING FACILITY

Village Taraimal, P. O. Gerwani, Tehsil Gharghoda,
District Raigarh, Chhattisgarh - 496 001