



DALMIA CEMENT (BHARAT) LIMITED

Regd. Office: Dalmiapuram – 621651, Dist: Tiruchirapalli, Tamil Nadu
[CIN: U65191TN1991PLC035963]

NOMINATION AND REMUNERATION POLICY

1. INTRODUCTION

Dalmia Cement (Bharat) Limited (“**Company**”) considers human resources to be its invaluable asset.

This policy on nomination, evaluation and remuneration of directors, key managerial personnel and senior managerial personnel of the Company (“**The Policy**”) has been formulated by the Company’s Nomination and Remuneration Committee (“**Committee**”) in terms of the relevant provisions of the Companies Act, 2013 (“**Act**”).

2. OBJECTIVE

The objectives and the purpose of the Policy are:

- (a) To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of Directors of the Company;
- (b) to ensure that appointment of directors, key managerial personnel and senior management and their removals are in compliance with the applicable provisions of the Act;
- (c) to set out criteria for the evaluation of performance and remuneration of directors, key managerial personnel and senior management;
- (d) to recommend policy relating to the remuneration of Directors, KMPs and Senior Management to the Board of Directors to ensure:
 - (i) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors and employees to effectively and qualitatively discharge their responsibilities;
 - (ii) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
 - (iii) Align the growth of the Company and development of employees and accelerate the performance;
 - (iv) to adopt best practices to attract and retain talent by the Company;
and
- (e) to ensure diversity of the Board of the Company.



3. DEFINITIONS

- (a) **“Act”** means the Companies Act, 2013 and the rules framed thereunder, as amended from time to time.
- (b) **“Board”** means the board of directors of the Company.
- (c) **“Committee”** refers to the Nomination and Remuneration Committee of the Company which was constituted / reconstituted by the Board from time to time.
- (d) **“Company”** means Dalmia Cement (Bharat) Limited.
- (e) **“Directors”** means the directors of the Company as may be appointed from time to time.
- (f) **“Whole Time Director”** means a person appointed as whole-time director, executive director or managing director and holding office as such pursuant to the provisions of the Act.
- (g) **“Independent Director”** means a Director who has been appointed as such and who satisfies the criteria and conditions laid down in the Act.
- (h) **“Key Managerial Personnel (KMP)”** has the meaning assigned to it under Section 2(51) of the Act.
- (i) **“Net Profits”** shall mean the net profits as calculated as per the provisions of Section 198 of the Act.
- (j) **“Non-Executive Director”** shall mean a person who has been appointed as a Director of the Company other than a Whole Time Director.
- (k) **“Policy”** means this nomination and remuneration policy of the Company.
- (l) **“Senior management (SM)”** shall have the meaning assigned to the term Senior Management as defined under Section 178 of the Act.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Act and the Listing Regulations shall have the meaning respectively assigned to them therein.

4. CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE

- 4.1 The Committee shall consist of 3 (three) or more Non-Executive Directors, out of which not less than one-half shall be Independent Directors.
- 4.2 The Chairman of the Board of Directors of the Company may be nominated as a member of the Committee but shall not chair the Committee.
- 4.3 The Chairman of the Committee, or in his absence, any other member of the Committee authorized by him / her in this behalf, shall attend the general meetings of the Company, to answer the queries of the members.

5. ROLE OF THE COMMITTEE

The role of the Committee shall include the following:

- 5.1 The Committee shall identify persons who are qualified to become Directors in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- 5.2 The Committee shall identify persons who may be appointed as KMPs in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- 5.3 The Committee shall lay down the criteria for appointment of persons as SM.
- 5.4 The Committee shall specify the manner of effective evaluation of performance of the Board, its committees and individual directors to be carried out either by the Board, by the Committee or by an independent external agency; and review its implementation and compliance. It shall also determine whether to extend or continue the term of appointment of Independent Directors based on their evaluation.
- 5.5 The Committee shall periodically formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- 5.6 The Committee shall ensure that the remuneration policy of the Company meets the following criteria:-
 - (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the Directors of the quality required to run the Company successfully;
 - (b) Relationship of remuneration to performance is clear, and meets appropriate performance bench marks; and
 - (c) Remuneration to Directors, KMP and SM, 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.
- 5.7 The Committee shall ensure that the appointments to the Board are made in a manner to ensure diversity in the Company.
- 5.8 The Committee shall review the succession plans for directors, KMPs, Senior Management and all such positions which are critical for the smooth operations of the Company.

5.9 In its consultative role and as a guiding force, the Committee will provide recommendations to the Board in respect of matters as may be assigned by the Board from time to time. The Committee may also recommend to the Board as to how to effectively structure and facilitate a remuneration policy, which meets the requirements of the Company and advise changes, if any, required to this Policy.

6. **APPOINTMENT AND REMOVAL OF DIRECTORS / KEY MANAGERIAL PERSONNEL / SENIOR MANAGEMENT**

Appointment of Directors

6.1 For a person to be appointed as a Director, it is envisaged that a person shall, (a) have attained the age of 21 years; and (b) at the minimum, be a graduate in any discipline and (c) be able to contribute positively to the deliberations at the Board meetings.

6.2 A person, to be appointed as a Director, should possess impeccable reputation for integrity, personal and professional ethics, deep expertise and insights in areas relevant for the Company, ability to contribute to the Company's growth, complementary skills in relation to the other Board members and must not hold the office of a director in more than 20 (twenty) companies.

Provided that the maximum number of public companies, including a company which is holding or subsidiary company of a public company, that such person can be director shall not exceed 10 (ten), at the same time.

6.3 In making recommendations for appointment to the Board, the Committee shall ensure that the concerned persons represent diversity of gender, thought, experience, knowledge and perspective and have diverse qualifications, experience and exposure in areas including but not limited to finance, human relations, marketing, engineering, management, etc.

6.4 It shall be necessary to have at least 1 (one) woman Director on the Board.

6.5 It shall also be necessary to have at least 1 (one) Director who has been a resident of India in the previous financial year on the Board.

6.6 In the case of appointment of a person as a Director, the approval of shareholders for his appointment as such shall be obtained at the next general meeting.

Appointment of Independent Directors

6.7 The Board of Directors of the Company shall comprise of such number of Independent Director as are required under Section 149 of the Act.

- 6.8 The criterion for determining the independence of an Independent Director would be as per the provisions of section 149 of the Act.
- 6.9 The Independent Director must possess appropriate skills, experience, 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.
- 6.10 Any appointment or re-appointment of a person as Independent Director shall be subject to the approval of shareholders as per section 152(2) and 149(10) of the Companies Act.

Appointment of Whole Time Directors, KMP, SM and other employees

- 6.11 For being appointed as a Whole Time Director or a manager of the Company, the minimum age of a person must be 21 (twenty one) years and the maximum age should be 70 (seventy) years. However, in exceptional circumstances, a person of the age of 70 (seventy) years and above may be appointed as a Whole Time Director or a manager if a special resolution to this effect has been passed by the Company.
- 6.12 For the post of KMP and SM, the Human Resources Department of the Company shall lay down the minimum qualifications and desired experience for each position, within the criteria laid down by the Nomination Remuneration Committee. Such criteria shall also meet the statutory requirements wherever applicable. The Human Resource Department would also keep in view the age profile of existing personnel and also the succession plan while identifying the suitable persons as KMP and SM.
- 6.15 All appointments of KMP and SM in the Company shall be placed at the meeting of the Nomination and Remuneration Committee.
- 6.16 The Human Resource Department of the Company shall be responsible for the appointment, evaluation of the performance and remuneration of all the SMs and other employees.

7. Term of Appointment

Whole Time Director

- 7.1 The Company shall appoint or re-appoint any person as its Whole Time Director for a term not exceeding 5 (five) years at a time and in accordance with the Act. No re-appointment shall be made earlier than 1 (one) year before the expiry of the term.

Independent Director

- 7.2 An Independent Director shall hold office for a term of up to 5 (five) consecutive years on the Board, but shall be eligible for re-appointment based on their evaluation of performance and on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- 7.3 No Independent Director shall hold office for more than 2 (two) consecutive terms, but such Independent Director shall be eligible for appointment after expiry of 3 (three) years of ceasing to be an Independent Director.

Provided that an Independent Director shall not, during the said period of 3 (three) years, be appointed by or be associated with the Company in any other capacity, either directly or indirectly.

Retirement

- 7.4 Except for Directors, KMP and SM shall retire as per the employment rules of the Company. However, the Board shall have the discretion to retain any such person even after the attainment of the retirement age in the best interests of the Company and in compliance with applicable laws.

Removal

- 7.5 Any Director/KMP/SM may be removed from their role/services of the Company due to any disqualification arising under the provisions of the Act or under any other applicable law, violation of the Company's policies (including its Code of Conduct) or violation of such person's terms of appointment. However, any removal of an Independent Director shall require prior approval of the shareholders.

8. EVALUATION

Evaluation of Board as a whole

- 8.1 The performance of the Board shall be evaluated on the basis of following criteria:
- (a) structure of the Board with specific reference to the competency, experience of directors, mix of qualifications, diversity in the Board etc.;
 - (b) meetings of the Board with respect to regularity, frequency, logistics, discussions at the meetings etc.;
 - (c) fulfillment of the functions of the Board specified under the Act such as

evaluation of performance of other directors, evaluation of risk, grievance redressal for investors, conflict of interest, stakeholder value and responsibilities etc.;

- (d) evaluation of performance of the management by the Board, independence of the management from the Board etc.

Evaluation of Committees

8.2 The performance of various committees of the Board shall be evaluated on the basis of following criteria:

- (a) clearly defined mandate and composition in accordance with the law;
- (b) effectiveness in fulfillment of functions as assigned by the Board and laws as may be applicable;
- (c) meetings of the committee with respect to *inter-alia* regularity, frequency, logistics, discussions at such meetings;
- (d) independence of the committee from the Board; and
- (e) contribution of the committee to the decisions of the Board.

Evaluation of Directors

8.3 The performance of Directors and Independent Directors shall be evaluated on the basis of the following criteria:-

- (a) attendance at Board Meetings and committee meetings;
- (b) preparedness and level of participation in Board meetings, including significant contributions made by them;
- (c) expression of views in free, frank and an independent manner;
- (d) participative discussions with management team when desired.

8.4 In addition to the above, the Executive Directors of the Company will be evaluated on the basis of:

- (a) their business performance as against laid out targets and business policies / plans;
- (b) their strategic contribution towards business sustenance and growth.

Evaluation of Key Managerial Personnel and Senior Management

- 8.5 The performance of the KMP (other than Whole Time Directors) and SM will be evaluated on the basis of key performance areas which shall be finalized by Company's human resources department in consultation with the concerned official, within the criteria of evaluation set out by the Nomination and Remuneration Committee. The evaluation shall be done on annual basis. However, in exceptional cases the evaluation of performance may also be undertaken at shorter intervals. The Company may engage the services of a professional for advising it on the process of evaluation of such personnel.

A presentation on the evaluation of KMP shall be made to the Nomination and Remuneration Committee for its review.

9. REMUNERATION POLICY

Remuneration for Directors

- 9.1 The Company pays remuneration by way of salary, perquisites and allowances (fixed remuneration) and profit linked commission and/or performance linked incentives (variable remuneration) to its Whole time Directors. The remuneration to Whole Time Directors shall be approved by the shareholders of the Company. The Board shall propose to the shareholders the remuneration including appropriate mix of fixed and variable remuneration and other terms of appointment of the Whole Time Directors. The remuneration to the Executive Directors shall be based on their qualification, experience, technical skills, requirements of the Company and industry standards. While determining the proposal of remuneration of Whole Time Directors, the Board shall consider the recommendation of the Nomination and Remuneration Committee.

- 9.2 Unless otherwise approved by the shareholders by passing a Special Resolution, the remuneration payable to a Whole time Director (other than those covered under Clause 9.3) shall not exceed 5% of the Net Profits of the Company and to all Whole Time Directors shall not exceed 10% of the net profits of the Company.

- 9.3 If the remuneration payable to a Whole Time Director exceeds the limits prescribed under the Act or Clause 9.2 thereof, it shall be with due approvals as prescribed in the Act or under contractual obligations of the Company, if any.

9.4 Components of Remuneration:

- (i) Fixed Remuneration:

The Whole Time Directors shall be paid remuneration by way of monthly salary, fixed components, as per pre-approved terms.

(ii) Variable Remuneration:

The Whole Time Directors may also be paid remuneration by way of incentives/commission as percentage of profit of the Company as per audited financial statements within the limits as approved by the shareholders. Commission shall be calculated based on the Net Profits of the Company in a particular financial year based on the recommendations of the Nomination and Remuneration Committee, subject to the overall ceilings and applicable statutory provisions stipulated in Section 197 of the Act and other applicable provisions as may be applicable from time to time.

While determining the commission payable to a Whole Time Director, the Board may consider the appointment terms approved by the shareholders, his performance, performance of the Company for the relevant financial year in terms of turnover, Net Profits, cash profits, performance and contribution by particular Whole Time Director, his achievements, remuneration paid in previous financial year, industry standards and such other factors as the Board may consider appropriate. The Board shall also consider the recommendation made by the Nomination and Remuneration Committee.

(iii) Facilities:

The Company shall provide such facilities to a Whole Time Director as may be necessary in relation to performance of his duties and to attend business operations of the Company.

9.6 Remuneration to Non-Executive Directors:

The Company shall follow the following structure with respect to remuneration to Non-Executive Directors. The Non-Executive Directors shall be paid remuneration by way of Commission and Sitting Fees within the overall statutory limits prescribed in the Act.

The commission payable to Non-Executive Directors shall be determined by the Board on the recommendation of the Nomination and Remuneration Committee. While determining the commission to Non-Executive Directors the Board shall consider the performance evaluation of the concerned Non-Executive Director.

9.6.1 Sitting Fees:

The Non-Executive Directors are paid Sitting Fees. The Company currently pays sitting fees Rs.75,000/- per meeting to the Non-Executive Directors for attending the meetings of the Board and Audit Committee. For Nomination and Remuneration Committee, CSR Committee and Risk Management Committee, the Non-Executive Directors are paid a sitting fees of Rs.20,000/- per meeting.



The above sitting fees is exclusive of expenses incurred by the Directors for attending the meetings.

The Board is empowered to review and revise the sitting fees payable to Non-Executive Directors from time to time within the limits specified in the Act.

9.6.2 Remuneration:

The Company may upon passing of resolution by the Board of Directors consider payment of remuneration to Non-Executive Directors by way of commission pursuant to the applicable provisions of the Act. Unless otherwise approved by the shareholders by passing of Special Resolution, the remuneration to Non-Executive Directors would be as specified in section 197(1) (ii) of the Act, in case of profit and as per section 197(3), in cases where the Company has no profits or its profits are inadequate.

The aforesaid limits of remuneration payable to Non-Executive Directors shall be exclusive of Sitting Fees or remuneration of services rendered by any such Director in other capacity if the services rendered are of a professional nature.

Remuneration for KMP and SM

9.5 The remuneration payable to the KMP shall be fixed based on (a) their experience and qualifications; and (b) annual compensation surveys, followed by industry benchmarks, position benchmarks, performance benchmarks, comparative, and

9.6 percentile position analysis. Annual increments will be based on such personnel's annual performance results and his/ her potential to grow into the next role.

9.7 Stock Options:

The Directors (excluding the Independent Directors and Promoter Directors), KMP and the Senior Management would be entitled to grant of ESOPs as per the schemes, framed by the Company or holding Company from time to time.

9.8 Total Managerial Remuneration:

The total managerial remuneration paid by the Company shall be in accordance with the limits prescribed in the Act.

10. GENERAL

10.1 In case of any subsequent changes to the Act which make any of the provisions of the Policy inconsistent with the Act, as the case maybe, the provisions of the Act would prevail over the Policy and the provisions of the Policy would be modified in due course to make it consistent with applicable law.



- 10.2 The Policy shall be reviewed by the Committee as and when deemed appropriate by it. Any changes or modifications in the Policy, as recommended by the Committee, would be given for approval to the Board.
- 10.3 The Policy shall be placed on the website of the Company.

Note: This policy was adopted by the Board of Directors of the Company at its meeting held on November 7, 2017. Subsequent amendment to the Policy were made by the Board of Directors of the Company at its meeting held on November 1, 2022. Further Amendment to the Policy was made by the Board of Directors of the Company at its meeting held on October 14, 2023.