



## **NOMINATION AND REMUNERATION POLICY**

### **Introduction:**

This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee of the Board, which later approved the same.

### **Objectives of the Committee:**

#### **The Committee shall:**

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, Key managerial personnel and other employees.
- ii. Formulate of criteria for evaluation of Independent Director and the Board
- iii. Devise a policy on Board diversity.
- iv. Identify persons for appointment as Director and for appointment in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- v. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

### **Effective Date:**

This policy shall be operational with effect from 29<sup>th</sup> July 2015.

### **Definitions:**

- “Board”:-Board means Board of Directors of the Company.
- “Director”:-Directors means Directors of the Company.
- “Committee”:-Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.
- “Company”:- Company means Sagar Cements Limited.
- “Independent Director”:- As provided under clause 49 of the Listing Agreement and/or under the Companies Act, 2013, which means a non-executive director, other than a nominee director of the company:

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- a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
  - b.
    - (i) who is or was not a promoter of the company or its holding, subsidiary or associate Company;
    - (ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
  - c. who, apart from receiving director's remuneration, has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors during the two immediately preceding financial years or during the current financial year;
  - d. none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
  - e. who, neither himself nor any of his relatives —
    - i. holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
    - ii. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —
    - iii. a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
    - iv. any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
    - v. holds together with his relatives two per cent or more of the total voting power of the company; or
    - vi. is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company;
    - vii. is a material supplier, service provider or customer or a lessor or lessee of the company;

- f. who is not less than 21 years of age.
- “Key Managerial Personnel”:-Key Managerial Personnel (KMP) means
    - (i) the Chief Executive Officer or the managing director or the manager;
    - (ii) the Company Secretary;
    - (iii) the Whole-Time Director;
    - (iv) the Chief Financial Officer; and
    - (v) such other officer as may be prescribed under the applicable statutory provisions / regulations
  - “Senior Management”:- The expression “senior management” means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors and includes the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

**Applicability:**

The Policy is applicable to

- All Directors
- Key Managerial Personnel
- Senior Management Personnel

**Constitution of the Nomination and Remuneration Committee:**

The Board has the power to constitute/ reconstitute the Committee from time to time in order to make it consistent with the Company’s policy and applicable statutory requirement. At present, the Nomination and Remuneration Committee comprises of the following Directors:

- i. Shri K. Thanu Pillai – Chairman (Independent Director)
- ii. Shri O.Swaminatha Reddy – Member (Independent Director)
- iii. Shri K.Rajendra Prasad - Member (Nominee director of APIDC)

**General Appointment Criteria:**

- i. The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.
- ii. The Company should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force.
- iii. The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, Rules made hereunder, Listing Agreement or any other enactment for the time being in force.

**Additional Criteria for Appointment of Independent Directors:**

The Committee shall consider qualifications for Independent Directors as mentioned in herein earlier under the head 'Definitions' and also their appointment shall be governed as per the provisions of clause 49 of the Listing Agreement (as amended from time to time ) and Companies Act, 2013.

**Term / Tenure:**

The Term / Tenure of the Directors shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder as amended from time to time.

**Removal:**

Due to reasons falling under any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground, the Committee may recommend to the Board for removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

**Policy on Board diversity:**

The Board of Directors shall have the optimum combination of Directors from the different areas / fields as may be considered appropriate and relevant to the operations of the Company.

The Board shall have at least one Board member who has accounting or related financial management expertise and at least three members who are financially literate.

**Remuneration:**

The Committee will recommend the remuneration to be paid to the Managing Director, Whole-time Director, KMP and Senior Management Personnel to the Board for their approval.

The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel and Senior Management of the quality required to run the company successfully. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration may also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

**1. Executive Directors/ Managing Director**

Besides the above Criteria, the Remuneration/ compensation/ commission etc to be paid to Executive Director/ Managing Director etc shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

**2. Non executive Independent Directors**

The Non-Executive Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

**3. KMPs / Senior Management Personnel**

The Remuneration to be paid to KMPs/ Senior Management Personnel shall be based on the experience, qualification and expertise of the related personnel and governed by the limits, if any prescribed under the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

**4. Directors and Officers' Insurance**

Where any insurance is taken by the Company on behalf of its Directors, KMPs/ Senior Management Personnel etc. 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.

**Annexure-2****Criteria for Performance Evaluation****Performance of Evaluation of Executive Directors**

The Executive Directors shall be evaluated on the basis of targets / criteria, if any, given to them by the board from time to time.

**Performance Evaluation of Non-Executive Directors**

1. How well prepared and well informed the non-executive directors are for board meetings.
2. Frequency of the attendance at the board meetings by the directors.
3. Willingness to spend time and effort for learning about the company and its business.
4. Quality and value of contribution at board meetings.
5. Interaction with other board members, senior management and other members.
6. Can they present their views convincingly, yet diplomatically?
7. Whether they listen to the views of others.

**Performance Evaluation of Independent Directors**

1. Ability to contribute to and monitor corporate governance practices
2. Active participation in long-term strategic planning
3. Commitment to the fulfillment of a director's obligation and fiduciary responsibilities

**Evaluation of Board and its Process**

1. The frequency of meetings
2. The length of meetings
3. The administration of meeting
4. The number of committee and their roles
5. The information to board members and between board members
6. The quality and quantity of information
7. The performance of individual director:
  - Personal relationship
  - The collective performance of the board / committee as a team
  - The individual performance and contribution

**Performance Evaluation of Chairman**

1. Leadership skill
2. Leadership and communication with board
3. Are board members allowed to raise views and concerns

For convenience of the Committee, a ranking sheet also given in **Annexure-3** for adoption, if deemed fit.

**Annexure – 3****Ranking Sheet**

The following table may be used by all board members to get an impression of how well the board is doing. The table is a rather basic form for board evaluation and the board may consider improving it. This would help the Board to evaluate its performance.

Sl No.	Considerations	5 Very Good	4 Good	3 Ave.	2 Fair	1 Poor
1	Board's full and common understanding of the roles and responsibilities of a board					
2	Board members understand the organization's mission and its products / programs					
3	Structural pattern (board, officers, committees, executive and staff) is clear					
4	Board has clear goals and actions resulting from relevant and realistic strategic planning					
5	Board attends to policy-related decisions which effectively guide operational activities of staff					
6	Board receives regular reports on finances/budgets, products/program performance and other important matters					
7	Board meetings facilitate focus and progress on important organizational matters					
8	Board regularly monitors and evaluates progress toward strategic goals and product/ program performance					
9	Each member of the board feels involved and interested in the board's affairs.					
10	All necessary skills, stakeholders and diversity are represented on the board					
11	The frequency of meetings					
12	The length of meetings					
13	The administration of meeting					
14	The number of committees and their roles					
15	The flow of information to board members and between board members					
16	The quality and quantity of information					
17	The collective performance of the board / committee as a team					
18	Individual performance and contribution					