

Orient Cement Limited

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Nomination & Remuneration Policy

## 1. INTRODUCTION

A transparent, fair and reasonable process for determining the appropriate remuneration at all levels of the Company is required to ensure that shareholders remain informed and confident in the management of the Company. To harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the rules made thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (“**Listing Regulations**”), this policy on nomination and remuneration of Directors (including non-executive directors) of the Board of Directors, the Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors. This Policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors (including non-executive directors), Key Managerial Personnel and Senior Management Personnel.

## 2. OBJECTIVE OF THE POLICY

- (a) The objective of this Policy is to outline a framework to ensure that the Company’s remuneration levels are aligned with industry practices and are sufficient to attract and retain competent directors on the Board, KMPs and the Senior Management Personnel of the quality required, while allowing fair rewards for the achievement of key deliverables and enhanced performance. The key objectives of this Policy include:
  - (i) guiding the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management;
  - (ii) specifying the manner for effective evaluation of the performance of the members of the Board individually, Board as a whole and Committees thereof, and review its implementation and compliance.
  - (iii) recommending to the Board the remuneration, in whatever form, payable to the Directors, Key Managerial Personnel and Senior Management.
- (b) While determining the remuneration for the Directors (including non-executive directors) and KMPs and the Senior Management Personnel, regard should be made to prevailing market conditions, business performance and practices in comparable companies, also to financial and commercial health of the Company as well as prevailing laws and government/other guidelines, to ensure that pay structures are appropriately aligned and the level of remuneration remain appropriate.
- (c) While designing the remuneration package it should be ensured:
  - (i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the person, to ensure the quality required to run the Company successfully;
  - (ii) there is a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- (d) Some part of the remuneration package may be linked to the achievement of corporate performance targets of the Company and a strong alignment of interest with stakeholders.
- (e) The Committee may consult with the chairman of the Board as it deems appropriate.

- (f) The Committee shall observe the set of principles and objectives as envisaged under the Companies Act, 2013 (“**Act**”) (including section 178 thereof), rules framed there under and the Listing Regulations including, *inter-alia*, principles pertaining to determining qualifications, positives attributes, integrity and independence.
- (g) In this context, the following policy adopted by the Board of Directors at its meeting held on November 5, 2014 and further amended by the Board of Directors at its meeting held on March 22, 2019.

### 3. EFFECTIVE DATE

This policy shall be effective from the date of its adoption by the Board. Any amendment to this Policy shall be effective from the effective date of such amendment as specified in the applicable law/regulations or as specified by the Board.

### 4. DEFINITIONS

- (a) In this Policy unless the context otherwise requires:
  - (i) **‘Board of Directors’** or **‘Board’**, in relation to the Company, means the collective body of the directors of the Company.
  - (ii) **‘Committee’** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
  - (iii) **‘Company’** means “Orient Cement Limited”.
  - (iv) **‘Independent Director’** means a director referred to in section 149(6) of the Companies Act, 2013 read with regulation 16(1)(b) of the Listing Regulations.
  - (v) **‘Key Managerial Personnel’ (KMP)** shall have the meaning ascribed to it in the Act and the Rules made thereunder.
  - (vi) **‘Non-Executive Directors’** includes Independent Directors.
  - (vii) **‘Policy’** means this Nomination and Remuneration policy.
  - (viii) **‘Senior Management Personnel’** shall mean officers/personnel of the Company who are members of its core management team excluding Board of Directors. It would comprise all members of management one level below the chief executive officer/ managing director/whole-time director/manager (including chief executive officer/ manager, in case they are not part of the Board of Directors), and shall specifically include Company Secretary and Chief Financial Officer.
- (b) Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and/ Listing Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.

### 5. APPLICABILITY

This Policy is applicable to:

- (i) Directors, including Non- Executive Directors
- (ii) Key Managerial Personnel
- (iii) Senior Management Personnel

## **6. MEMBERSHIP**

- (a) The Committee shall consist of such number of directors as is required under applicable laws.
- (b) Membership of the Committee shall be disclosed in the Annual Report and on the website of the Company.
- (c) Term of the Committee shall be continuous unless terminated by the Board of Directors.

## **7. CHAIRMAN**

- (a) Chairman of the Committee shall be an Independent Director.
- (b) Chairperson of the Company (whether executive or non executive) may be appointed as a member of the Committee but shall not be the Chairman of the Committee.
- (c) Chairman of the Nomination and Remuneration Committee meeting shall be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

## **8. FREQUENCY OF MEETINGS**

The meeting of the Committee shall be held at such intervals as may be required.

## **9. COMMITTEE MEMBERS' INTERESTS**

- (a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- (b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

## **10. SECRETARY**

The Company Secretary of the Company shall act as Secretary of the Committee.

## **11. QUORUM**

The quorum necessary for transacting business at a meeting of the Committee shall be two members or one-third of the members of the Nomination and Remuneration Committee; whichever is greater.

## **12. VOTING**

- (a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of members present. Any such decision shall for all purposes be deemed a decision of the Committee.
- (b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## **13. RESPONSIBILITY OF THE COMMITTEE**

- (a) The Committee is responsible for:

- (i) formulating criteria for determining qualifications, positive attributes and independence of a Director for the purpose of this Policy;
- (ii) advising the Board on issues concerning principles for remuneration and other terms of employment including remuneration for the Directors (including Non-Executive Directors), KMPs and the Senior Management Personnel;
- (iii) monitoring and evaluating programs for variable remuneration, both on-going and those that have ended during the year, for the Directors (including Non-Executive Directors), KMPs and the Senior Management Personnel;
- (iv) monitoring and evaluating the application of this Policy;
- (v) monitoring and evaluating current remuneration structures and levels in the Company; and
- (vi) any other responsibility as determined by the Board.

#### **14. APPOINTMENT OF DIRECTORS, KMP OR SENIOR MANAGEMENT PERSONNEL**

- (a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP and Senior Management level.
- (b) A person should possess adequate qualifications, expertise and experience for the position he/she is considered for appointment as a Director, Key Managerial Personal or Senior Management Personnel. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- (c) Appointment of Directors, KMP's and Senior Management Personnel are subject to compliance of provisions of the Companies Act, 2013 and compliance of Listing Regulations.
- (d) The appointment as recommended by the Nomination and Remuneration Committee further requires the approval of the Board.

#### **15. REMUNERATION**

- (a) **Remuneration to Executive Directors, Directors other than Executive Director and KMP :**
  - (i) The remuneration/ compensation/ commission etc. to Directors and KMP will be determined by the Committee and recommended to the Board for approval. The remuneration/ compensation/ commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
  - (ii) The remuneration and commission to be paid to Directors shall be as per the statutory provisions of the Companies Act, 2013, and the rules made there under/and or Listing Regulations for the time being in force.
  - (iii) Increments to the existing remuneration/ compensation structure of Directors and KMP shall be recommended by the Committee to the Board which should be within the slabs approved by the shareholders in the case of Directors.

(iv) Where any insurance is taken by the Company on behalf of its Directors and KMP 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.

(v) Remuneration to Executive Director and KMP

Fixed pay:

- Executive Directors and KMP shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the NRC Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder and /or Listing Regulations for the time being in force.
- The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

Variable components:

- The Executive Director and KMP participate in a performance linked variable pay scheme which will be based on the individual and Company's performance for the year, pursuant to which the Executive Director and KMP are entitled to performance-based variable remuneration.

**Remuneration to Directors other than Executive Director:**

Sitting Fees:

- The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof.

Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

Limit of Remuneration /Commission:

- Remuneration /Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.
- The approval of shareholders by way of special resolution shall be obtained every year, in case the annual remuneration payable to a single Non-executive Director exceeds fifty percent of the total annual remuneration payable to all Non-Executive Directors, giving details of remuneration thereof.

Reimbursement of expenses:

- The Non-executive Directors shall be reimbursed with the expenses incurred by them in connection with Board and Committee meetings.

(vi) Provisions for excess remuneration:

- If any Director draws or receives, directly or indirectly by way of remuneration any such sum in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction as may be required under the Companies Act, 2013, he / she shall refund such sum to the Company within such time as may be specified by the Committee/Board of Directors and until such sum is refunded, hold it in trust for the Company.

**(b) Remuneration to Senior Management Personnel:**

- (i) The Managing Director is authorised to determine from time to time the remuneration payable to Senior Management Personnel including their increments subject to ratification by the Nomination and Remuneration Committee and the Board of Directors in their next meeting.
- (ii) The Board, on the recommendation of the Committee, shall review and approve/ratify the remuneration payable to the Senior Management Personnel of the Company, which shall include remuneration payable, in whatever forms.
- (iii) Where any insurance is taken by the Company on behalf of its Senior Management Personnel 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) Remuneration to Senior Management Personnel may consist of the following components:

Fixed pay:

- Senior Management Personnel shall be eligible for a monthly remuneration as may be recommended by the NRC Committee and approved by the Board of Directors in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.
- The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee.

Variable components:

- The Senior Management Personnel participate in a performance linked variable pay scheme which will be based on the individual and Company's performance for the year, pursuant to which the Senior Management Personnel are entitled to performance-based variable remuneration.

**16. EVALUATION OF PERFORMANCE OF DIRECTORS, BOARD AS A WHOLE AND COMMITTEES THEROF**

Independent Directors shall annually (a) review the performance of Non-Independent Directors and the Board as a whole; and (b) review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors.

The Board of Directors (with the individual director being evaluated recusing himself/ herself at the relevant time) shall also annually review the performance of individual Directors, Board as a whole and its Committees.

This evaluation will be based on the responses of individual Directors / Committee Members on the structured questionnaires.

The Committee shall review the implementation and compliance of the evaluation system followed by the Board and the Independent Directors.

#### **17. POLICY ON BOARD DIVERSITY**

- (a) The Board of Directors shall have the optimum combination of Directors from the different areas/ fields like production, management, quality assurance, finance, sales and marketing, research and development, Human Resources etc. or as may be considered appropriate.
- (b) The Board shall have at least one Board member who has accounting or related financial management expertise.

#### **18. REMOVAL**

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP and Senior Management subject to the provisions and compliance of the applicable Act, rules and regulations, if any.

#### **19. DISCLOSURE OF INFORMATION**

This Policy shall be disclosed in the Board's report.

#### **20. DEVIATION FROM THE POLICY**

The Board may, in individual or collective case, deviate from this Policy, in its absolute discretion, if there are particular reasons to do so. In the event of any departure from the Policy, the Board shall record the reasons for such departure in the Board's minutes.

#### **21. AMENDMENTS TO THE POLICY**

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

*In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.*

Date: 22-3-2019  
Place: New Delhi

sd/-  
**D.D.Khetrapal**  
(Managing Director & CEO)