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Nomination and Remuneration Policy

INTRODUCTION

The Nomination and Remuneration Policy has been framed in compliance with Section 178 of the Companies Act, 2013, as amended from time to time. It has been formulated by the Nomination and Remuneration Committee as approved by the Board of Directors.

DEFINITIONS

- I. “Key Managerial Personnel” means:
 - i) Managing Director, or Chief Executive Officer or Manager
 - ii) Whole-time Director;
 - iii) Chief Financial Officer;
 - iv) Company Secretary;
 - v) such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board; and
 - vi) such other officer as may be prescribed.
- II. “Remuneration” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income Tax Act, 1961.
- III. “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, including the functional heads.
- IV. “Employee” means all the present employees and directors of the Company.

OBJECTIVES

This policy is framed with the following objectives:

- I. To identify persons who are qualified to become Director or who may be appointed in Senior Management.
- II. To guide the Board in relation to the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- III. To evaluate the performance of members of the Board and provide necessary report to the Board for further evaluation.

- IV. 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;
- V. To attract, retain and motivate the Senior Management including its Key Managerial Personnel, evaluation of their performance and provide necessary report to the Board for further evaluation.
- VI. The relationship of remuneration with performance is clear and meets appropriate performance benchmarks.
- VII. To recommend the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- VIII. To promote and develop a high performance workforce in line with the Company strategy.
- IX. To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Director (Executive & Non- Executive/ Independent/Nominee) and persons who may be appointed in Senior Management, Key Managerial Personnel and determine their remuneration.
- X. To determine the remuneration based on the Company's size and financial position and practices in the industry.

ROLE OF THE COMMITTEE

Role of the Committee is as follows:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down and recommend to the Board their appointment, remuneration and removal.
- Specify the manner for effective evaluation of performance of Board, its committees and individual Directors

APPOINTMENT OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT:

a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or Senior Management and recommend to the Board his /her appointment.

b) A 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 /satisfactory for the concerned position.

c) Appointment of Independent Directors is also subject to compliance of provisions of section 149 of the Companies Act, 2013, read with Schedule IV and rules made thereunder.

d) The appointment, evaluation of performance and remuneration of all other employees shall be in accordance with their respective contracts/ terms of appointment.

TERM/ TENURE

a. Managing Director/Whole time Director/Manager: The Company shall appoint or re-appoint any person as its Managing Director/Whole time Director/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 term as governed by Section 196 of the Companies Act, 2013 and rules made thereunder.

b. Independent Director: An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for reappointment on passing of a special resolution by the Company and Disclosure of such appointment in the Board's report.

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 said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

The Committee shall not recommend the appointment of a person or continue the directorship 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.

RETIREMENT

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the Applicable Laws, Articles of Association and relevant policies of the Company. The Board will have the discretion to retain the Directors, KMP and Senior Management in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company, subject to approvals as required under the Applicable Laws.

EVALUATION

The Committee shall ensure that the evaluation of performance of every Director is carried out at regular interval (yearly).

REMOVAL

Due to reasons for any disqualification mentioned in the Companies Act,2013 or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior

Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

POLICY FOR REMUNERATION TO THE MANAGING DIRECTOR/WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

A. General

- i. The remuneration / compensation / commission etc. to the Managing Director/ Whole- time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval wherever required as per the law. 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. 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.
- iii. Where any insurance is taken by the Company on behalf of its Whole-time Directors, Managing Director, KMP and/or 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.

B. Remuneration to Managing Director /Whole-time Director:

- i. Fixed pay: The Managing Director / Whole-time Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the provisions of the Companies Act, 2013 and Rules made thereunder for the time being in force. The breakup 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 and approved by the shareholders and Central Government, wherever required.
- ii. Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director, Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government, if required as per provisions of Section 197 of the Companies Act, 2013.
- iii. The remuneration and commission to be paid to the Whole-time Director/Managing Director shall be in accordance with the percentage / slabs / conditions laid down as per the provisions of the Act.
- iv. Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director/Managing Director.
- v. Provisions for excess remuneration: If any Managing Director, Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to

the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by provisions of Section 197 of the Companies Act, 2013 including any amendments from time to time.

C. Remuneration to Non- Executive/ Independent Director:

i. Remuneration / Commission:

The remuneration/commission shall be fixed in accordance with the provisions of the Companies Act, 2013 and Rules made there under.

ii. Sitting Fees:

The Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof and that such fees shall not exceed the maximum amount as provided in the Companies Act, 2013.

iii. Commission:

Commission may be paid within the monetary limit approved by the 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, as amended from time to time.

iv. Stock Options:

Pursuant to the provisions of the Companies Act 2013, an Independent Director shall not be entitled to any stock option of the Company.

REVIEW AND AMENDMENT

- i. The Committee or the Board may review the Policy as and when it deems necessary.
- ii. This Policy may be amended or substituted by the Committee or by the Board as and when required.
