

**Bhavya Cements Limited**

**Nomination and Remuneration Policy**

**1. PREAMBLE**

- a. Bhavya Cements Limited (hereinafter referred to as “the Company”) considers human resource as its invaluable asset and recognizes the importance of attracting, retaining and motivating personnel of high calibre and talent for the purpose of ensuring efficiency and high standard in the conduct of its affairs and achievement of its goals besides securing the confidence of the shareholders in the sound management of the Company.
- b. This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto as amended from time to time and has been approved by the Board of Directors.
- c. The responsibilities of the Committee include:
  - i. formulating a criteria for determining qualifications, positive attributes and independence of a director;
  - ii. recommending to the Board of Directors a policy, relating to the remuneration for directors, key managerial personnel and senior management employees;
  - iii. formulating a criteria for evaluation of performance of Independent Directors and the Board of Directors and on the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director;
  - iv. identifying persons who are qualified to become directors and who may be appointed as part of the senior management or core management team of the Company in accordance with the criteria laid down, and recommending to the Board of Directors the appointment and removal of such persons.

**2. DEFINITIONS**

Some of the key terms used in this policy are as under:

- a. “Act” means the Companies Act, 2013 and rules framed thereunder.
- b. “Board” means the Board of Directors of Bhavya Cements Limited or the Company.
- c. “Committee” means the Nomination and Remuneration Committee constituted by the Board of Directors of the Company in accordance with Section 178 of the Companies Act, 2013 and rules made thereunder.
- d. “Company” means Bhavya Cements Limited.
- e. “Director” means a director appointed by the Board or the Company including executive; non-executive; and independent directors.
- f. “Employees” means every senior management employee, including Key Managerial Personnel and Directors on the Board.
- g. “Key Managerial Personnel” includes-
  - i. the Managing Director(s), or Chief Executive Officer (CEO), or Manager and in their absence a Whole –Time Director;
  - ii. Company Secretary; and
  - iii. Chief Financial Officer (CFO).
- h. “Member” means a director of the Company appointed as member of the Committee.

- i. “Nomination and Remuneration Policy ” or “the policy” shall mean the policy of remuneration of directors, key managerial personnel and other employees of the Company determined by the Nomination and Remuneration Committee.
- j. “Senior Management” means the 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 functional heads in charge of manufacturing, finance, marketing and independent profit centre heads.

### **3. CONSTITUTION OF NOMINATION AND REMUNERATION COMMITTEE**

- i. The Committee shall be constituted by the Board of Directors of the Company comprising of three or more non-executive directors out of which not less than half shall be independent directors.
- ii. The Board of the Company shall nominate directors as Members of the Committee from time to time.
- iii. Minimum two (2) members shall constitute a quorum for the Committee meeting.
- iv. Presently, the constitution of the Committee is as under:
  - i. Mr.N Sudhakar - Chairman
  - ii. Dr. G C Subba Naidu – Member
  - iii. Mr. P Shiva Kumar – Member
  - iv. Venigalla Krishna Kumari Member
- v. The Board of Directors have the power to reconstitute the Committee from time to time.

### **4. NOMINATION DUTIES**

\*The duties of the Committee in relation to nomination matters include (but are not limited to) as under:

- 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 his / her appointment, as per Company’s Policy;
- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- Identifying and recommending Directors who are to be put forward for retirement by rotation.
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- Evaluating the performance of the Board members and Senior Management in the context of the Company’s performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director, KMP and Senior Management Personnel at any time including the suspension or termination of service subject to the provision of the law and their service contract.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;

- Recommend any necessary changes to the Board, if required; and
- Considering any other matters, as may be requested by the Board.

*\*Note: The above list is not exhaustive. The Committee may as and when required discharge such duties from time to time as may be necessary in order to achieve the motive behind setting up the Committee and formulating the Policy.*

## **5. REMUNERATION POLICY**

### **a. REMUNERATION TO MANAGING DIRECTOR / WHOLE-TIME DIRECTORS:**

- i. The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the members of the Company, wherever required by the Act.
- ii. The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

### **b. REMUNERATION TO NON- EXECUTIVE / INDEPENDENT DIRECTORS:**

- i. Non-executive directors shall receive a sitting fees, commission and reimbursement for expenditure incurred wholly in connection with the business of the Company and in connection with attending meetings of the Board and various board committees of the Company.
- ii. Non- executive directors shall not be entitled to any performance- based incentives or bonus payments.
- iii. The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- iv. All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
- v. An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.
- vi. Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional nature shall not be considered as part of the remuneration for the purposes of clause (ii) above if the following conditions are satisfied:
  - The Services are rendered by such Director in his capacity as the professional; and
  - In the opinion of the Committee, the Director possesses the requisite qualification for the practice of that profession.

### **c. REMUNERATION TO KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT:**

- i. The remuneration to Key Managerial Personnel and Senior Management may consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
- ii. The Company may issue Employee Stock Option/ Purchase Schemes to Key Managerial Personnel and Senior Management in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
- iii. The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from time to time.
- iv. The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.
- v.

**6. TERM / TENURE**

**a. MANAGING DIRECTOR/WHOLE-TIME DIRECTOR/MANAGER:**

- i. Managing Director/Whole-time Director/ Manager shall be appointed for a term not exceeding five years at a time.
- ii. No re-appointment shall be made earlier than one year before the expiry of the term.

**b. INDEPENDENT DIRECTOR**

- i. 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 re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- ii. No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.
- iii. 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.

**7. EVALUATION**

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary and revise the appropriateness of each remuneration package.

The Committee shall be responsible for monitoring the implementation of the policy, conducting a review of the same from time to time and advising the Board on the mode of revision of the policy such as inclusion of long-term incentives that would contribute towards creating sustainable value for shareholders of the Company.

**8. REMOVAL**

The Committee may recommend with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013, rules and regulations and the policy of the Company.

**9. RETIREMENT**

The Director, KMP and Senior Management Personnel 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 Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**10. IMPLEMENTATION**

- a. The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- b. The Committee may delegate any of its powers to one or more of its members.

**11. AMENDMENT**

The Committee may amend or modify the Policy in whole or in part, at any time, whenever the need arises. Such an amendment or modification shall be approved by the Board of Directors and the same shall be binding on all the employees, key managerial personnel and senior management employees unless the same is notified to them in advance in writing.