

CHETTINAD CEMENT CORPORATION LIMITED

NOMINATION AND REMUNERATION POLICY

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I. PREAMBLE

Pursuant to Section 178 of the Companies Act, 2013 the undermentioned Companies to constitute the Nomination and Remuneration Committee

- a) All listed Companies
- b) Companies with a paid up capital of Rs.10 Crores or more / turnover of Rs.100 Crores or more /having in aggregate, outstanding loans or borrowings or debentures or deposits exceeding fifty Crores rupees or more.

The Board of Directors of CCCL shall constitute the Nomination and Remuneration Committee. The Company has already constituted the Remuneration Committee to comply with the then provisions of the Companies Act, 1956. The Company has renamed the Remuneration Committee as Nomination and Remuneration Committee at the Board meeting held on 28.03.2014. Nomination and Remuneration Committee has been reconstituted on 16.12.2014 and is formulated in compliance with Section 178 and other applicable provisions of the Companies Act, 2013

II. OBJECTIVE

The Key Objectives of the Committee would be:

- a. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- c. To formulate the criteria for determining qualifications, positive attributes and independence of a director
- d. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

III. DEFINITIONS

- a) "Board" means Board of Directors of the Company.

- b) "Committee" means Nomination and Remuneration Committee constituted pursuant to the provisions of the Companies Act, 2013
- c) "Independent Director" means a director referred to in Section 149 (6) of the Companies Act, 2013.
- d) "Key Managerial Personnel" (KMP) means
 - Chief Executive Officer or the Managing Director or the Whole-time Director,
 - Company Secretary,
 - Whole-time Director,
 - Chief Financial Officer and
 - Such other officer as may be prescribed.
- e) " "Policy or This Policy" means, "Nomination and Remuneration Policy."
- f) "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.
- g) "Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the Board of Directors, including all the functional heads.

IV. INTERPRETATION

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013,

V. GUIDING PRINCIPLES

The Policy ensures that

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Personnel of the quality required to run the Company successfully
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- Remuneration to Directors, Key Managerial Personnel and Senior Management 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.

VI. ROLE OF THE COMMITTEE

The role of the Committee inter alia will be the following:

- To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- Formulate criteria for evaluation of Independent Directors and the Board and Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- To carry out evaluation of every Director's performance. To recommend to the Board the appointment and removal of Directors and Senior Management.
- To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

VII. MEMBERSHIP

- a. At least half of the total number of non executive directors in the Committee shall be Independent.
- b. The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirement.
- c. Minimum two (2) members shall constitute a quorum for the Committee meeting.
- d. Membership of the Committee shall be disclosed in the Annual Report.
- e. Term of the Committee shall be continued unless terminated by the Board of Directors.

VIII. FREQUENCY OF MEETINGS

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

IX. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

a. Appointment criteria and qualifications:

- 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 to the Board his / her appointment.
- 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 are sufficient / satisfactory for the concerned position.
- The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager who has not completed the age of twenty one years or has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

b. Term / Tenure:

- **Managing Director/Whole-time Director/Manager (Managerial Person):**

The Company shall appoint or re-appoint any person as its Managing Director/Whole-time Director/Managerial Person 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.

c. 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.

d. Evaluation:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management at regular interval (yearly).

e. Removal:

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

f. Retirement:

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

X. PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSON, KMP AND SENIOR MANAGEMENT

A. General:

- i. The remuneration / compensation / commission etc. to Managerial Person, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc of Managerial Person, shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- ii. The Remuneration / increments of the Senior Management Personnel shall be subject to the norms/slabs as per the policy of the Company.
- iii. The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.
- 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 Managerial Person.
- v. Increments will be effective from the date of reappointment in respect of Managerial personnel.
- vi. Where any insurance is taken by the Company on behalf of its Managerial Person, KMP and any other employees 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.

B. Remuneration to Managerial Person, KMP and Senior Management:

i. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

ii. Provisions for excess remuneration:

If any Managerial Person 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 the Central Government.

C. Remuneration to Non-Executive / Independent Director:

i. Remuneration / Commission:

The remuneration / commission shall be on approval by the Board and shareholders in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

ii. 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.

iii. 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.

iv. Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

XI. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting.

XII. DEVIATIONS FROM THIS POLICY

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

This policy has been recommended to the Board and approved by the Board.