

# **Nomination and Remuneration Committee Charter**

## **Saurashtra Cement Limited**

## **Purpose**

The purpose of the Nominations and Remuneration Committee Charter (the “committee” or the “nominations committee”) of the Board of Directors (the “Board”) of Saurashtra Cement Limited (the “Company”) is to oversee the Company’s nomination process for the top level management and specifically to identify, screen and review individuals qualified to serve as executive directors, nonexecutive directors and independent directors consistent with criteria approved by the Board and to recommend, for approval by the Board, nominees for election at the annual meeting of shareholders. The committee shall establish remuneration and compensation policies applicable to the executive directors, key managerial personnel and other employees of the Company. The committee shall also develop and maintain corporate governance policies applicable to the Company.

The Committee’s constitution and terms of reference are in compliance with provisions of the Companies Act, 2013, Clause 49 of the Listing Agreement and Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time.

## **Authority and responsibilities**

The committee has the authority to undertake the specific duties and responsibilities listed below and will have the authority to undertake such other specific duties as the Board prescribes from time-to-time. Specific responsibilities of the committee include:

### *Director Criteria*

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession, and who can effectively contribute to the Company’s business and policy decisions are considered by the Human Resources, Nomination and Remuneration Committee, for appointment, as Independent Directors on the Board. The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such persons. The Board considers the Committee’s recommendation, and takes appropriate decision.

### *Nomination of directors*

Identify persons who are qualified to become directors (including independent directors) and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board their appointment and removal. . Whilst recommending appointment of Executive Directors, a balance between functional and business unit representatives may be considered.

### *Director’s Evaluation*

To formulate the criteria for evaluation of independent directors and the board.

### *Other responsibilities*

- Reviewing and reassessing the adequacy of the committee's charter as required and recommending changes to the Board.
- To develop and recommend to the Board for approval a CEO succession plan (the "Succession Plan"), to review the Succession Plan periodically with the CEO, develops and evaluates potential candidates for executive positions and recommends to the Board any changes to, and any candidates for succession under, the Succession Plan.
- 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.
- To establish a policy on board diversity in light of including gender.

### **Remuneration**

- Recommend to the Board a policy relating to the remuneration for the directors (including specific remuneration packages for Executive Directors including pension rights and any compensation payment), key managerial personnel and other employees. While formulating the policy, it shall 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.
  - Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- To recommend/review remuneration of the CEO (s), Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria. 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. All elements of remuneration package of individual directors, summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc.
- All remuneration paid to non-executive directors, shall be fixed by the Board of Directors and shall be agreed to by shareholders in general meeting. Limits shall be set for the maximum number of stock options that can be granted to non-executive directors, in any financial year and in aggregate. The stock options granted to the non-executive directors, shall vest after a period of at least one year from the date of grant of the stock options.
- Remuneration of employees largely consists of basic remuneration, perquisites, allowances and performance incentives. The components of the total remuneration vary for different employee grades and are governed by industry patterns,

qualifications and experience of the employee, responsibilities handled by them, their individual performances, etc. The annual variable pay of senior managers is linked to the Company's performance in general and their individual performance for the relevant year is measured against specific major performance areas which are closely aligned to the Company's objectives.

- A sitting fee of Rs. 50,000/- for attendance at each meeting of the Board, Audit Committee, Executive Committee, Nomination and Remuneration Committee; Rs. 20,000/- for attendance at each meeting of Stakeholder Relationship Committee, is paid to its Members (excluding Managing Director and Executive Directors). Remuneration paid to the committee members would be in line with section 197 and 198 of Companies Act 2013.

### *Employee Stock Option Scheme*

To administer, monitor and formulate detailed terms and conditions of the Employees' Stock Option Scheme including:

- a) the quantum of options to be granted under Employees' Stock Option Scheme per employee and in aggregate;
- b) the conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
- c) the exercise period within which the employee should exercise the option, and that the option would lapse on failure to exercise the option within the exercise period;
- d) the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
- e) the right of an employee to exercise all options vested in him at one time or various points of time within the exercise period;
- f) the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions, such as rights issues, bonus issues, merger, sale of division and others;
- g) the granting, vesting and exercising of options in case of employees who are on long leave; and the procedure for cashless exercise of options

### **Meeting**

The committee shall meet at least four times a year, in conjunction with regular Board meetings. Additional meetings of the committee shall be held from time-to-time as determined by the needs of the Board or the committee. If the need arises, meetings may be held telephonically to address issues in between nomination committee meetings. In lieu of a meeting, upon decision from its chairman, the committee may also act by unanimous written consent. The committee shall report regularly to the Board regarding its actions and make recommendations to the Board as appropriate. The committee is governed by the same rules regarding meetings as are applicable to the Board.

**Minutes**

The committee will maintain written minutes of its meetings, including formal telephonic meetings, which will be filed with the minutes of the meetings of the Board, and will also comprise the record of any action taken by written consent.