

DALMIA REFRACTORIES LIMITED

NOMINATION AND REMUNERATION POLICY

(Amended in the Board Meeting held on 08.02.2018)

1. INTRODUCTION

Dalmia Refractories Limited ("**Company**") considers human resources to be its invaluable asset. This policy on nomination, evaluation and remuneration of directors, key managerial personnel and senior managerial personnel of the Company ("**Policy**") has been formulated by the Company's Nomination and Remuneration Committee ("**Committee**") in terms of the relevant provisions of the Companies Act, 2013 ("**Act**") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**").

2. OBJECTIVE

The objectives and the purpose of the Policy are:

- (a) to ensure that appointment of directors, key managerial personnel and senior managerial personnel and their removals are in compliance with the applicable provisions of the Act and the SEBI Listing Regulations;
- (b) to set out criteria for the evaluation of performance and remuneration of directors, key managerial personnel and senior managerial personnel;
- (c) to adopt best practices to attract and retain talent by the Company; and
- (d) to ensure diversity of the board of the Company.

3. DEFINITIONS

- (a) "**Act**" means the Companies Act, 2013 and the rules framed thereunder, as amended from time to time.

- (b) **“Board”** means the board of directors of the Company.
- (c) **“Committee”** refers to the Nomination and Remuneration Committee of the Company which was constituted by the Board on May 29, 2014 or as may be reconstituted from time to time.
- (d) **“Company”** means Dalmia Refractories Limited.
- (e) **“Directors”** means the directors of the Company as may be appointed from time to time.
- (f) **“Independent Director”** means a Director who has been appointed as such and who satisfies the criteria and conditions laid down in the Act and the SEBI Listing Regulations.
- (g) **“Key Managerial Personnel (KMPs)”** has the meaning assigned to it under Section 2(51) of the Act.
- (h) **“SEBI Listing Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.
- (i) **“Policy”** means this nomination and remuneration policy of the Company.
- (j) **“Senior Managerial Personnel (SMPs)”** shall have the meaning assigned to the term Senior Management in Regulation 16(1)(d) of the SEBI Listing Regulations and Section 178 of the Act.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Act and the SEBI Listing Regulations shall have the meaning respectively assigned to them therein.

4. CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE

- 4.1 The Committee shall consist of 3 (three) or more non-executive Directors, out of which not less than one half shall be Independent Directors.

- 4.2 The Chairman of the Committee shall be an Independent Director.
- 4.3 The Chairman of the Board of Directors of the Company may be nominated as a member of the Committee but shall not chair the Committee.
- 4.4 The Chairman of the Committee, or in his absence, any other member of the Committee authorized by him / her in this behalf, shall attend the general meetings of the Company, to answer the queries of the members.

5. **ROLE OF THE COMMITTEE**

The role of the Committee shall include the following:

- 5.1 The Committee shall identify persons who are qualified to become Directors in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- 5.2 The Committee shall identify persons who may be appointed as KMPs in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- 5.3 The Committee shall lay down the criteria for appointment of persons as SMPs.
- 5.4 The Committee shall specify the manner of effective evaluation of performance of the Board, its Committees and individual Directors to be carried out either by the Board, by the Committee or by an Independent external agency; and review its implementation and compliance. It shall also determine whether to extend or continue the term of appointment of Independent Directors based on their evaluation.
- 5.5 The Committee shall periodically formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- 5.6 The Committee shall ensure that the remuneration policy of the Company meets the following criteria:-

- (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the Directors of the quality required to run the Company successfully;
- (b) Relationship of remuneration to performance is clear, and meets appropriate performance bench marks; and
- (c) Remuneration to Directors, Key Managerial Personnel, and Senior Management personnel, involves a balance between fixed and incentive pay, reflecting short and long term performance objectives, appropriate for the Company.

5.7 The Committee shall ensure that the appointments to the Board are made in a manner to ensure diversity in the Company.

6. **APPOINTMENT AND REMOVAL OF DIRECTORS / KEY MANAGERIAL PERSONNEL / SENIOR MANAGEMENT**

Appointment of Directors

- 6.1 For a person to be appointed as a Director, it is envisaged that a person shall, (a) have attained the age of 21 (twenty one) years; (b) at the minimum, be a graduate in any discipline and (c) be able to contribute positively to the deliberations at the Board meetings.
- 6.2 A person, to be appointed as a Director, should possess impeccable reputation for integrity, personal and professional ethics, deep expertise and insights in areas relevant for the Company, ability to contribute to the Company's growth, complementary skills in relation to the other Board members and must not hold the office of a director in more than 20 (twenty) companies (provided that the maximum number of public companies, including in any holding or subsidiary companies of a public company, that such person can be director of is not more than 10 (ten)), at the same time.
- 6.3 In making recommendations for appointment to the Board, the Committee shall ensure that the concerned persons represent diversity of gender, thought, experience, knowledge and perspective and have diverse qualifications, experience and exposure in areas including but not limited to finance, human relations, marketing,

engineering, management, etc.

- 6.4 It shall be necessary to have at least 1 (one) woman Director and at least 1 (one) Director who has been a resident of India in the previous financial year on the Board.

Appointment of Independent Directors

- 6.5 At least one third of the Board shall comprise of Independent Directors, where the Chairman of the Board is a non- executive Director. However, where the Chairman of the Board is an executive Director, then at least one half of the Board shall comprise Independent Directors.
- 6.6 The criteria for determining the independence of an Independent Director would be as per the provisions of the Act and the SEBI Listing Regulations and the Company shall re-assess the independence of such persons when any new interests or relationships are disclosed.
- 6.7 The Independent Director must possess appropriate skills, experience, knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.
- 6.8 A person shall not serve as an Independent Director in more than 7 (seven) listed companies. However, a person who is serving as a whole-time Director of a listed company shall not serve as an independent director in more than 3 (three) listed entities.

Appointment of Key Managerial Personnel, Senior Managerial Personnel and other employees

- 6.9 For being appointed as a managing director or a whole time director or a manager of the Company, the minimum age of a person must be 21 (twenty one) years and the maximum age should be 70 (seventy) years. However, in exceptional circumstances, a person of the age of 70 (seventy) years and above may be appointed as managing director or a whole time director or a manager if a special resolution to this effect has been passed by the Company.

- 6.10 For the post of Key Managerial Personnel and Senior Managerial Personnel, the Human Resources Department of the Company shall lay down the minimum qualifications and desired experience criteria for each post. Such criteria shall also meet the statutory requirements wherever applicable. The Human Resource Department would also keep in view the age profile of existing personnel and also the succession plan while identifying the suitable persons as Key Managerial Personnel and Senior Managerial Personnel.
- 6.11 Prior to being employed as a Key Managerial Personnel or Senior Managerial Personnel in the Company, a person should clear the Dalmia BEI (Behavioural Evaluation Interview).
- 6.12 The Human Resource Department of the Company shall be responsible for the appointment, evaluation of the performance and remuneration of all other employees.

7. **Term of Appointment**

Managing Director/Manager/Whole-time Director

- 7.1 The Company shall appoint or re-appoint any person as its managing director or whole-time director for a term not exceeding 5 (five) years at a time and in accordance with the Act. No re-appointment shall be made earlier than 1 (one) year before the expiry of the term.

Independent Director

- 7.2 An Independent Director shall hold office for a term of up to 5 (five) consecutive years on the Board, but shall be eligible for re-appointment based on their evaluation of performance and on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- 7.3 No Independent Director shall hold office for more than 2 (two) consecutive terms, but such Independent Director shall be eligible for appointment after expiry of 3 (three) years of ceasing to be an Independent Director.

Provided that an Independent Director shall not, during the said period of 3 (three) years, be appointed by or be associated with the Company in any other capacity, either directly or indirectly.

Retirement

- 7.4 Except for Directors whose office is liable to determination by rotation, all the other Directors, Key Managerial Personnel and Senior Managerial personnel (other than the managing director, whole time director or manager of the Company) shall retire as per the employment rules of the Company. However, the Board shall have the discretion to retain any such person even after the attainment of the retirement age in the best interests of the Company and in compliance with applicable laws.

Removal

- 7.5 Any Director/KMP/SMP may be removed from thier role/services of the Company due to any disqualification arising under the provisions of the Act or under any other applicable law, violation of the Company's policies (including its Code of Conduct) or violation of such person's terms of appointment.

8. EVALUATION

Evaluation of Board as a whole

- 8.1 The performance of Board shall be evaluated on the basis of the following criteria:
- (a) Structure of the Board with specific reference to the competency, experience of Directors, mix of qualifications, diversity in the Board, etc.;
 - (b) Meetings of the Board with respect to regularity, frequency, logistics, discussions at the meetings, etc.;
 - (c) Fulfillment of the functions of the Board specified under the Act and the SEBI Listing Regulations such as evaluation of performance of other directors, evaluation of risk, grievance

redressal for investors, conflict of interest, stakeholder value and responsibilities, etc;

- (d) Evaluation of performance of the management by the Board, independence of the management from the Board, etc.

Evaluation of Committees

8.2 The performance of various committees of the Board shall be evaluated on the basis of following criteria:

- (a) Clearly defined mandate and composition in accordance with the law.
- (b) Effectiveness in fulfillment of functions as assigned by the Board and laws as may be applicable.
- (c) Meetings of the committee with respect to inter-alia regularity, frequency, logistics, discussions at such meetings.
- (d) Independence of the Committee from the Board; and
- (e) Contribution of the Committee to the decisions of the Board.

Evaluation of Directors

8.3 The performance of Directors and Independent Directors shall be evaluated on the basis of the following criteria:

- (a) attendance at Board Meetings and committee meetings;
- (b) preparedness and level of participation in Board meetings;
- (c) expression of views in free, frank and an independent manner;
- (d) participative discussions with management team when desired.

8.4 In addition to the above, the executive directors of the Company, including the managing and whole time directors of the Company will be evaluated on the basis of:

- (a) their business performance as against laid out targets and business policies / plans;
- (b) their strategic contribution towards business sustenance and growth.

Evaluation of Key Managerial and Senior Managerial Personnel

- 8.5 The performance of the Key Managerial (other than Managing and Whole-time Directors) and Senior Managerial personnel will be evaluated on the basis of key performance areas which shall be finalized by Company's human resources department in association with the concerned official. The evaluation shall be done on annual basis. However, in exceptional cases the evaluation of performance may also be undertaken at shorter intervals. The Company may engage the services of a professional for advising it on the process of evaluation of such personnel.

9. **REMUNERATION POLICY**

Remuneration for Directors

- 9.1 The remuneration to the Managing Directors and Whole-Time Directors shall be based on their qualification, experience and industry standards. If it exceeds the limits prescribed under the Act, it shall be with due approval of the prescribed authorities.

The remuneration payable to Directors who are neither Managing directors nor Whole-time Directors shall not exceed the limits prescribed under the Act. The percentage aforesaid shall be exclusive of any fee for attending the meetings of the Board or Committee thereof or remuneration of services rendered by any such Director in other capacity if the services rendered are of a professional nature.

Remuneration for Key Managerial Personnel and Senior Managerial Personnel

- 9.2 **The remuneration payable to the Key Managerial Personnel and the Senior Managerial** Personnel shall be within the limits prescribed under the Act and fixed based on (a) their experience and qualifications; and (b) annual compensation surveys, followed by industry benchmarks, position benchmarks, performance benchmarks, comparative, and percentile position analysis. Annual increments will be based on such personnel's annual performance

results and his/ her potential to grow into the next role.

- 9.3* The Directors (excluding the Independent Directors), Key Managerial Personnel and the Senior Management would be entitled to grant of ESOPs as per the schemes, framed by the Company from time to time.

The Stock Options of the Company may be granted to Directors, Key Managerial Personnel and Senior Management in the organization who would be selected by the Committee based on their critically past performance and potential. The grant, vesting and other scheme details would be formulated from time to time.

The ESOP Schemes are implemented to attract and retain key talent in the Company.

The Independent Directors shall not be entitled to any Stock Option of the Company.

- 9.4 The total managerial remuneration paid by the Company shall be in accordance with the limits prescribed in the Act.

10. **GENERAL**

- 10.1 In case of any subsequent changes to the Act or the SEBI Listing Regulations which make any of the provisions of the Policy inconsistent with the Act or the SEBI Listing Regulations, as the case maybe, the provisions of the Act and the SEBI Listing Regulations would prevail over the Policy and the provisions of the Policy would be modified in due course to make it consistent with applicable law.

- 10.2 The Policy shall be reviewed by the Committee as and when deemed appropriate by it. Any changes or modifications in the Policy, as recommended by the Committee, would be given for approval to the Board.

- 10.3 The policy shall be placed on the website of the Company.

*Amended in terms of Board approval dated 13.08.2018.