

Remuneration Policy for Directors, Key Managerial Personnel and other Employees

1. Executive Remuneration Policy

The remuneration policy of the Directors has been designed to keep pace with the business environment and market linked positioning. The Remuneration & Nomination Committee determines and recommends to the Board the compensation payable to Directors. Remuneration for the Executive Directors linked to the long term vision, medium term goals and annual business plan.

The company had set-up a Remuneration Committee in 2010 to review and recommend the quantum and payment of annual salary and commission and finalize service agreements and other employment conditions of the Executive Directors. The Committee takes into consideration the best remuneration practices being followed in the industry while fixing appropriate remuneration packages for Directors. Further as per the guidelines of Companies Act 2013, the committee has been renamed as the Nomination and Remuneration Committee.

As on date, the Committee has 3 members: Shri O.Swaminatha Reddy, Chairman of the Committee, Shri K.Thanu Pillai and Shri V.H.Ramakrishnan (Non-Executive & Independent Directors) are the Members of the Committee, Shri R.Soundararajan, Company Secretary, acts as the Secretary of the Committee.

2. Key Definitions

- “Board of Directors” or “Board”, in relation to a company, means the collective body of the Directors of the company;
- The expression “senior management” means personnel of the company who are members of its core management team other than the Board of Directors. It comprises of all members of the management who are one level below the Executive Directors and include the Functional Heads.
- “Key managerial personnel”, in relation to a company, means—
 - i. the Chief Executive Officer or the Managing Director or the Manager;
 - ii. the Company Secretary;
 - iii. the Whole-time Director;
 - iv. the Chief Financial Officer; and
 - v. such other officers as may be prescribed;
- Sagar Cements (R) Limited had the following individuals as directors as on date::

A. Board of Directors

Shri S.Veera Reddy
Dr.S.Anand Reddy
Shri S.Sreekanth Reddy
Ms.S.Sahithi
Shri.O.Swaminatha Reddy
Shri.K.Thanu Pillai
Shri.V.H.Ramakrishnan

B. Independent Directors

As per the guidelines of Companies Act, 2013, an Independent Director means a Non-Executive Director who:

- means a director other than a managing director or a whole-time director or a nominee director,—
- (a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- (b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
- (ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- (c) who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- (d) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- (e) who neither himself nor any of his relatives—
- (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
- (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—

- (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
 - (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
 - (iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company;
 - (f) who possesses appropriate skills, experience and 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.
- As on March 31, 2018, the company's Board comprised of 7 (Seven) Directors. Of 7 (Seven) Directors, 1 (One) Director is Managing Director, 1 (One) Director is a Whole Time Director, 2 (two) are Non-Executive and 3 (Three) are Non- Executive and Independent Directors.

C. Key Managerial Personnel

- i. Managing Director
- ii. Chief Financial Officer
- iii. Company Secretary

3. Key Principles of the Remuneration Policy

While designing compensation for Directors, Key managerial personnel, senior management and other employees, the following set of principles act as guiding factors:

1. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders;
2. Minimize complexity and ensure transparency;
3. Link to long term strategy as well as annual business performance of the company;
4. Promotes a culture of meritocracy and is linked to key performance and business drivers;
5. Reflective of line expertise, market competitiveness so as to attract the best talent.

5. Remuneration paid to Executive Directors

- The remuneration paid to Executive Directors is recommended by the Nomination and Remuneration Committee and approved by the Board in the Board meeting, subject to the subsequent approval by the shareholders at the general meeting and such other authorities, as the case may be.
- The remuneration is arrived by considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry and the financial position of the company. The elements of the remuneration and limits are pursuant to the clause 178, 197 and Section V of the Companies Act 2013.

Remuneration Policy Structure

The remuneration structure for the Executive Directors would include the following components:

Basic Salary

- Provides for a fixed, per month, base level remuneration to reflect the scale and dynamics of business to be competitive in the external market are reviewed annually
- Will be subject to an annual increase as per recommendations of the Nomination and Remuneration committee and approval of the Board of Directors.

Perquisites and Allowances

A basket of Perquisites and Allowances would also form a part of the remuneration structure.

Contribution to Provident and Other funds

In addition to the above, the remuneration would also include:

- Contribution to Provident and Superannuation Funds
- Gratuity

Minimum Remuneration

If in any financial year during the tenure of the Executive Directors, the company has no profits or its profits are inadequate, they shall be entitled to minimum remuneration and perquisites not exceeding the limits specified Schedule V of the Companies Act, 2013.

6. Remuneration payable to Non-Executive & Independent Directors

The Non-Executive & Independent Directors of the company would be paid sitting fees as decided by the Board from time to time for attending board meeting/committee meetings thereof. The amount of sitting fees will be as per the provisions of Companies Act, 2013.

7. Remuneration payable to Non-Executive Directors

The Remuneration to the Non-Executive Directors would be as per recommendations of the Nomination and Remuneration committee and approval of the Board of Directors. It would be pursuant to the provisions of sections 197,198 of the Companies Act 2013.

8. Remuneration Philosophy for Key managerial personnel, senior management & staff

The compensation for the Key managerial personnel, senior management and staff at Sagar Cements (R) Limited would be guided by the external competitiveness and internal parity.

Internally, performance ratings of all Employees would be spread across a normal distribution curve. The rating obtained by an employee will be used as an input to determine Pay increase. Pay increases will be calculated using a combination of individual performance and organizational performance.

Compensation can also be determined based on identified skill sets critical to success of the Company. It is determined as per management's review of market demand and supply.

8.1 Grade Structure

Employees are assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in our organization. Individual remuneration is determined within the appropriate grade and is based on following:

- a) An individual's experience, skill, competencies and knowledge relevant to the job; and
- b) An individual's performance and potential contribution to the company.

8.2 Workmen Compensation

Workmen are paid wages as per best industry practice and applicable laws. All remuneration components should be in accordance with applicable statutory compliances.