Nomination and Remuneration Policy

1. Preface

Shree Digvijay Cement Company Ltd. (the "**Company**") is committed to excel in every sphere of its activity by attracting and retaining qualified, talented and experienced professionals through efficient selection and evaluation mechanism and to incentivize them to develop and implement the Company's Strategy, thereby enhancing the business value and maintains a high performance workforce.

The Board of Directors of the Company (the "**Board**") has constituted Nomination and Remuneration Committee (the "**Committee**"), which inter alia may formulate a Policy on nomination, appointment and remuneration of all Directors, Key Managerial personnel and Senior Management Personnel (being the direct reportees to the CEO i.e. the persons holding the positions namely, CFO, CS & Legal Head, HR-Head, Technical Head, Marketing Head and SCM-Head) of the Company in terms of Section 178 of the Companies Act, 2013 & Rules made thereunder, including any amendment thereof (the "**Act**") and SEBI (Listing Obligations and Disclosure Requirements), including any re-enactment or amendment thereof (the "**Listing Agreement**").

This Policy, effective from 1st January, 2015, inter alia, sets out the guiding principles for determining the nominations of Directors & Key Managerial Personnel, and remuneration of Whole-time Director(s), Managing Director and other Executive Directors ("**Executive Directors**") & other Directors, Senior Management Personnel and other employees.

2. Criteria for identification of Directors and Key Management Personnel

While recommending to the Board the appointment of Directors and Key Managerial Personnel, the Committee will consider and take care of the criteria as specified in the Act, Listing Agreement and as per Company's HR policy.

3. Principles, Process and Criteria for determining Remuneration

The Policy on remuneration is formulated on the principles as prescribed under the Act and on the criteria followed under Company's HR Policy.

The Board shall, on recommendation of the Committee, review and approve the remuneration payable to the Executive Directors on their appointment / reappointment, which shall be within the overall limits prescribed under the Act.

The Board shall, on recommendation of the Committee, review & approve the remuneration payable to the Key Managerial Personnel (KMP) of the Company at the time of their appointment. Any revision or annual increment in remuneration of KMP shall be as per the criteria laid down under this Policy. The appointment and remuneration for all Senior Management Personnel, other than KMP, both existing and new appointee, including any revision of such remuneration shall be as per the criteria laid down in this Policy. Provided that before appointment, fixing and finalizing any remuneration, including annual revision in salary and variable pay for Senior Management Personnel, feedback/recommendation of the Committee be taken into consideration. Such appointment and fixing of remuneration / revised remuneration and variable pay will either be approved by the Committee at its meeting or through circular resolution and to be ratified at its next Committee and the Board meetings.

Remuneration for all Non-Executive Directors (including Independent Directors) shall be within the overall limits prescribed under the Act. Independent Directors shall be entitled to sitting fees for attending each meeting of the Board and committees thereof as per limits as approved by the Board from time to time.

The remuneration payable to the Executive Directors, Senior Management Personnel and other employees shall comprise of fixed and performance based components as detailed below:

Fixed Remuneration:

1) The Annual Fix Remuneration is referred to the Annual Gross Base Salary of the employee (ABS).
2) The ABS is determined taking into account 1) the Job Description of the position, 2) the Job Evaluation of the position, 3) the resulting Grade, and 4) the ABS positioning with respect to the Market, through the corresponding Salary Bands linked to the Grades as per Company Policy.
3) The ABS will be reviewed on an annual base following the Company's Performance Appraisal System.

Performance Based Remuneration & Recognition:

(a) Variable Pay System: The Annual Short Term Incentive System (also known as Annual Variable Pay System) is a System to foster the alignment between the Company Goals and the Individual Targets. It is structured through the Balance Scorecard Methodology, ensuring the proper cascading down of the goals from Top Levels to Junior Levels. The Company shall reward Executive Directors, Senior Management Personnel and other employees based upon the Company's performance and their own individual performance to create a strong relationship between performance and remuneration. The percentage of performance based remuneration / variable pay under Corporate Variable Pay System in the total remuneration package of each employee shall be determined according to his / her Grade in the organization so as to ensure that the remuneration package is fairly balanced to attract, retain and motivate skilled professionals.

The variable pay shall be divided into two parts, i.e. 1) Company Financial Goals e.g. EBITDA, Free Cash Flow, Cash Cost Cement, Fixed Cost and SGA Cost and, 2) Operational and Individual Goals including strategic initiatives.

(b) Long Term Retention Plan:

Performance Evaluation System (PES): The Company has a detailed and structured PES, which is aligned with industry practices. Based on the review of performance through the PES process, the Company shall assess the employees' competencies, eligibility for promotion and increment of Senior Management Personnel, KMP and other employees. The CEO shall in consultation with Executive Chairman from time to time decide the annual increments / revisions to be given to employees, including Senior Management Personnel and KMP as per the guidelines given in this Policy.

In addition, Company also has employee stock option plan called 'SDCCL Employee Stock Option Plan 2019' (hereinafter referred to as "ESOP 2019"/ "Plan") as approved by shareholders of the Company with effect from 5th August, 2019. The primary objective of this Plan is to reward the Employees by offering Options under ESOP 2019, for their association, dedication and contribution towards the goals and objectives of the Company. The Company intends to use this Plan to attract, retain and motivate key talents working with the Company, by way of rewarding their performance and motivate them to contribute to the overall corporate growth and profitability.

Other terms & benefits: The Company shall also extend additional benefits to employees depending upon their position and duties, which will be as per HR policy of the Company. Payment of retirement benefits such as Provident Fund, Superannuation, Leave Encashment and Gratuity will be as per relevant laws, applicable from time to time. All other payments shall be made as per employment contract.

(c) People Development:
Company supports professional development of people by job enlargement and job enrichment and also by sharing best industry practices. Exchange of best practices will be supported by project assignment, whether short term assignment (STA) or long term assignment (LTA).

4. Others
The Board on recommendation of Committee will carry out evaluation of every Director's performance as per the Act and Listing Agreement. It is the responsibility of the Board to oversee that plans are in place for orderly succession for appointments to the Board and to Senior Management positions.

5. Amendment
The above criteria and the Policy may be subject to review by the Committee and the Board of the Company.

Date: 17 October, 2017
Last updated: 05 August, 2019

Place: Digvijaygram