



ANNEXURE -II

NOMINATION AND REMUNERATION POLICY

PREAMBLE

The Nomination and Remuneration Policy of Bharat Explosives Limited (the “Company”) is designed to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and superannuation benefits. The policy reflects the Company's objectives for good corporate governance as well as sustained long term value creation for shareholders. This Remuneration Policy applies to Directors, Senior Management including its Key Managerial Personnel (KMP) and other employees of the Company.

OBJECTIVES

The Nomination and Remuneration Committee and this Policy is in compliance with Section 178 of the Companies Act, 2013.

The Key Objectives of the Committee are:

- a. To guide the Board in relation to the 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.
- c. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

DEFINITION

Act : The Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

Board: Board of Directors of the Company.

Directors: Directors of the Company.

Independent Director: Independent Director of the Company appointed in pursuance of the Companies Act, 2013.

Key Managerial Personnel:

1. Managing Director;
2. Chief Executive Officer;
3. Chief Financial Officer;
4. Company Secretary and
5. Such other officer as may be prescribed.

Senior Management: Senior Management means personnel of the Company who are members of its core management team excluding the Board of Directors



Nomination & Remuneration Committee: Committee of the Board, constituted, in accordance with provisions of Section 178 of the Act

Rules: Rules framed under the Act

Remuneration: Any money or its equivalent given or passed on to any person for services rendered which included perquisites and other benefits.

ROLE OF COMMITTEE

The role of the Committee is following:

- a) To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- b) To recommend to the Board, the appointment and removal of Senior Management
- c) To carry out evaluation of Director's performance and recommend to the Board appointment/ removal based on his/ her performance.
- d) Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks
- e) To recommend to the Board regarding remuneration for Directors, Key Managerial Personnel and Senior Management and (ii) Executive Directors' remuneration and incentive.

MEMBERSHIP

- a) The Committee consists of a minimum 3 Directors, majority of them being independent.
- b) Minimum two (2) members constitutes a quorum for the Committee meeting.
- c) Membership of the Committee is disclosed in the Annual Report.
- d) Term of the Committee is continued unless terminated by the Board of Directors.

TERMS/TENURE

Managing Director/Whole-time Director:

The Company appoints or re-appoint any person as its Managing Director or Executive Director for a term not exceeding five years at a time. No reappointment is made earlier than one year before the expiry of term.

Independent Director:

An Independent Director holds the office for a term up to five consecutive years on the Board of the Company and is eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director holds office for more than two consecutive terms, but such Independent Director is eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director is not, during the said period of three years, appointed in or associated with the Company in any other capacity, either directly or indirectly.



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CHAIRPERSON

- a) Chairman of the Committee is a Non-executive Director.
- b) Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- c) In the absence of the Chairman, the members of the Committee present at the meeting, choose anyone amongst them to act as Chairman.
- d) Chairman of the Nomination and Remuneration Committee meeting is entitled to be present at the Annual General Meeting, but if not, may nominate some other member to answer the shareholders' queries.

FREQUENCY OF MEETING

The Committee is entitled to meet at least twice a year.

VOTING

Matters arising for determination at Committee meetings are decided by a majority of votes of members present and voting and any such decision shall for all purposes be deemed a decision of the Committee. In the case of equality of votes, the Chairman of the meeting has a casting vote.

DUTIES

The Nomination and Remuneration Committee shall, while formulating the policy ensure that—

- a) 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;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) 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

MINUTES OF COMMITTEE MEETING

Proceedings of all meetings are recorded in the minutes and are signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings are tabled at the following Board and Committee meeting.

