

**DAI-ICHI KARKARIA LIMITED
 NOMINATION AND REMUNERATION POLICY**

Sr. no.	Contents	Page no.
1.	Objective	1
2.	Regulatory Framework	1
3.	Definitions	1 - 2
4.	Policy	2 - 6
5.	Disclosure	6
6.	General	6
7.	Annexure 1 – Policy on Board Diversity	7

Details of adoption and modifications of the Policy as approved by the Board of Directors

Sr. no.	Version	Effective Date
1.	Original Version	8.8.2014
2.	Modified Version 1	13.2.2021

Nomination and Remuneration Policy

1. Objective

1.1. The objective of this Policy is to guide the Board of Directors of the Company on:

- a. Appointment and removal of Directors, Key Managerial Personnel and employees in Senior Management;
- b. Remuneration payable to the Directors, Key Managerial Personnel and employees in Senior Management;
- c. Policy on Board Diversity;
- d. Succession plan for Directors, Key Managerial Personnel and employees in Senior Management; and
- e. Evaluation of individual Directors, Chairperson of the Board and the Board as a whole.

2. Regulatory Framework

2.1. Section 178 of the Companies Act, 2013 read with the applicable Rules thereto and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (together referred to as “Applicable Laws”) require the Nomination and Remuneration Committee of a company (“NRC”) to recommend to the Board of Directors a policy, relating to the appointment, removal and remuneration of the directors, key managerial personnel and other employees and to devise a policy on Board diversity.

The Applicable Laws also require NRC to lay down the evaluation criteria for performance evaluation of Board, its Committees and individual directors. Further, the Board of Directors is responsible for monitoring and reviewing of the Board Evaluation framework.

The Board of Directors is also required to satisfy itself that plans are in place for orderly succession for appointments to the Board and to senior management.

2.2. This policy is framed as per the requirements of the Applicable Laws.

3. Definitions

3.1. “Act” means the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time.

3.2. “Applicable Laws” means applicable provisions of the Act and the SEBI Regulations, 2015.

3.3. “Board” means the Board of Directors of the Company.

3.4. “Company” means Dai-ichi Karkaria Limited.

3.5. “Nomination and Remuneration Committee or NRC” means a Committee of the Board of Directors of the Company constituted under the applicable laws

3.6. “Key Managerial Personnel or KMP” means

- 3.6.1. Chief Executive Officer or the Managing Director or the Manager;
- 3.6.2. Whole-time director;
- 3.6.3. Chief Financial Officer;
- 3.6.4. Company Secretary; and
- 3.6.5. such other officer as may be prescribed under the applicable laws or nominated by the Board.

3.7. “Independent Director” means a director referred to in Section 149(6) of the Act and under SEBI Regulations, 2015.

3.8. “Remuneration” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income- tax Act, 1961 and performance Incentive.

3.9. “SEBI Regulations” mean the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

3.10. “Senior Management Personnel” or “SMP” mean personnel of the Company who are members of its core management team excluding the Board of Directors and shall comprise all members of management one level below the executive Directors and include the Chief Financial Officer and the Company Secretary.

4. Policy

4.1. Appointment and removal of Director, KMP and Senior Management

4.1.1. Criteria for qualifications, positive attributes and independence of Directors, KMP & SMP:

4.1.1.1. The NRC will have the responsibility and authority to decide the essential and desirable skills/competencies/expertise/ experience/ criteria of independence required from the individuals for the office of Directors, KMP & SMP.

4.1.1.2. The expertise required from the Directors, KMP and SMP would be defined based on the Company’s strategy and needs.

4.1.1.3. The NRC shall review the criteria for the role and define the role specifications for the appointment.

4.1.1.4. In case of Directors and KMP, in addition to the above specifications the NRC shall ensure that the candidate possesses the requisite qualifications and attributes as per the Applicable Laws.

4.1.2. Identifying candidates who are qualified to become Directors, KMP & SMP:

4.1.2.1. The NRC shall assign the responsibility of identifying the candidate to Chairperson of the Board in case of selection of Directors, KMP & SMP.

4.1.2.2. Upon selection of the candidate, the NRC shall evaluate the profile of the candidate and make a recommendation to the Board for appointment of Director/ KMP/SMP.

4.1.2.3. The appointment of Directors and KMP shall be subject to the compliance of the applicable laws and the Articles of Association of the Company.

4.1.3. Term:

4.1.3.1. The term of appointment of Directors shall be governed by the provisions of the applicable laws.

4.1.3.2. The term of the KMP (other than the Managing Director & Whole-time Director) and SMP shall be governed by the prevailing policies of the Company.

4.1.4. Letter of Appointment to Independent Directors

4.1.4.1. The appointment of Independent Directors shall be formalized through a letter of appointment to be issued by the Company in accordance with the applicable Laws.

4.1.5. Removal of Director, KMP or SMP

4.1.5.1. The Removal of Director, KMP or SMP may be warranted due to reasons such as disqualification prescribed under the applicable Laws and / or disciplinary reasons.

4.1.5.2. In regard to removal of any Director, KMP or SMP, the NRC shall in consultation with the Chairperson & Managing Director review the performance and/or other factors meriting a removal and subject to the provisions of the applicable Laws and the Articles of Association of the Company, recommend to the Board its course of action.

4.1.5.3. The resultant vacancy caused by removal of Director, KMP or SMP may be filled by the NRC in accordance with this Policy and the applicable laws.

4.1.6. Retirement of Director, KMP or SMP

4.1.6.1. The retirement age of Directors shall be as per the applicable laws.

4.1.6.2. The retirement age of KMP and SMP shall be as per the prevailing policy of the Company subject to the applicable laws.

4.1.6.3. Subject to the applicable laws, the Board shall have the discretion to retain the Director, KMP, SMP, in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

4.1.6.4. The resultant vacancy caused by retirement of Director, KMP or SMP may be filled by the NRC in accordance with this Policy and the applicable laws.

4.2. Familiarization Programme for Independent Directors

4.2.1. The Company will impart Familiarisation Programmes for Independent Directors to understand its business in depth and contribute significantly to the Company.

4.2.2. Familiarisation - immediately upon appointment of Director

4.2.2.1. The Company shall through its Executive Directors / Senior Managerial Personnel conduct programs / presentations periodically to familiarise the Independent Directors with the strategy, operations and functions of the Company;

4.2.2.2. Such programs / presentations will provide an opportunity to the Independent Directors to interact with the senior leadership team of the Company and help them to understand the

Company's strategy, business model, operations, service and product offerings, markets, organization structure, finance, human resources, technology, quality, facilities and risk management and such other areas as may arise from time to time;

4.2.2.3. The programs / presentations shall also familiarise the Independent Directors with their roles, rights and responsibilities;

4.2.2.4. The Company may conduct an introductory familiarisation program / presentation, when a new Independent Director comes on the Board of the Company.

4.2.2.5. Continuous Familiarisation processes

4.2.2.6. Every year, the Independent Directors shall be provided with periodic inputs on the business performance of the Company, through deliberations at the Committee and Board Meetings.

4.2.2.7. The Board shall discuss and note the strategic business plans and the annual financial plan through deliberations at Board Meetings.

4.3. Succession Plan for Directors, KMP and SMP

4.3.1 Board: The successors of the Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term of the Independent Director. In the case of any vacancy caused of Independent Directors or Non- Executive Directors due to resignation or otherwise, his/her successor will be appointed not later than the immediate next meeting of the board of directors or three months from the date of such vacancy, whichever is later.

The successors of the Executive Directors shall be identified by the NRC from among the Senior Management or external candidates, as the NRC/ Board deems appropriate.

The NRC will accord due consideration to the expertise and other criteria required for the successor.

The Board may, at its discretion, also decide not to fill the vacancy caused.

4.3.2 KMPs & Senior Management Personnel: A good succession-planning program aims to identify high growth individuals, train them and ensure replacements of incumbents in critical senior management positions, including KMPs, in the organization.

The CMD / WTD shall identify and evaluate successors from the team of the KMPs and SMs, when need arises. They may also at their discretion consider appointing the successor from among external candidates.

4.4. Remuneration of Director, KMP and SMP

4.4.1. Remuneration to Executive Director(s)

4.4.1.1. The remuneration payable to Executive Director(s) shall be determined by the NRC and recommended to the Board for approval.

4.4.1.2. Such remuneration (including revisions thereof) shall be subject to the approval of the shareholders of the Company and/or Central Government, wherever required under the applicable laws and the Articles of Association of the Company.

4.4.1.3. The remuneration shall be in accordance with and subject to the ceiling limits and other conditions prescribed under the applicable laws and the Articles of Association of the Company.

4.4.1.4. The remuneration shall comprise a mix of Fixed Remuneration and Variable remuneration in the form of performance incentive. The performance incentive will be recommended to the Board for approval.

4.4.1.5. Annual revisions in the remuneration within the remuneration limits approved by the Board, shareholders/Central Government, shall be recommended by the NRC to the Board. The Board shall approve such annual increases.

4.4.2. Remuneration to Non-Executive Directors (NED)

4.4.2.1. The remuneration (including revisions thereof) payable to the NED shall be in accordance with and subject to the ceiling limits and other conditions prescribed under the applicable laws; the Articles of Association of the Company and the approval of the shareholders of the Company accorded from time to time.

4.4.2.2. The NRC shall determine the remuneration to NED including the mode, quantum, recipients of the remuneration and the frequency of payment of such remuneration, and recommend the same to the Board for approval.

4.4.2.3. The remuneration of NED shall comprise the following:

- a) Remuneration/Commission; and / or
- b) Sitting fees for attending each meeting of the Board and its Committees.

4.4.2.4. The remuneration of NED (including revisions thereof) shall be based on certain financial parameters like the performance of the Company, its market capitalization, etc., industry benchmarks, role of the Director and such other relevant factors.

4.4.2.5. The NRC shall determine the periodicity at which such remuneration shall be reviewed and revised.

4.4.3. Remuneration to KMP & SMP

4.4.3.1. For appointments to the office of KMP or SMP, the NRC shall review the remuneration and recommend the same to the Board for its approval.

4.4.3.2. The NRC may assign the responsibility to the Chairperson of the Company for determining the remuneration payable to SMP and ratify it in the next NRC Committee meeting.

4.4.4. Factors to be considered while determining the remuneration to Directors, KMP and SMP

While determining the remuneration to Directors, KMP and SMP, the NRC shall ensure the following:

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and SMP to deliver 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, KMP and SMP 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.

4.5. Board Diversity

4.5.1. The Company's Policy on Board Diversity is annexed as **Annexure I** to this Policy.

4.6. Board Evaluation

4.6.1. The Board is committed to assessing the performance of the Board in order to identify its strengths and areas in which it may improve its functioning. Towards this end, the NRC shall establish the criteria and processes for evaluation of performance of Individual Directors, Chairperson of the Board, the Board as a whole and the Committees of the Board and recommend the same to the Board. The evaluation of the Independent Directors shall also include evaluation of the fulfilment of the independence criteria as specified under the applicable laws and their independence from the Management.

4.6.2. The Board is responsible for:

- a) monitoring and reviewing of the Board Evaluation framework;
- b) carrying out evaluation of the performance of the Board, its Committees and individual directors, wherein the director subject to evaluation shall not participate; and
- c) evaluating the fulfilment of independence criteria of the Independent Directors as per the applicable laws and review their independence from the management.

4.6.3. The appointment / re-appointment / continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process.

4.6.4. Meeting of Independent Directors:

4.6.4.1. The Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of Non- Independent Directors and members of the management.

4.6.4.2. Such meeting shall:

- a) review the performance of Non-Independent Directors, Executive Directors and the Board as a whole;
- b) review the performance of the Chairperson of the Company, taking into account the views of Executive Director(s) and Non-Executive Directors;
- c) assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.
- d) discuss such other matters as the Independent Directors may deem fit;

4.6.4.3. The Independent Directors may call such meeting(s) at any point of time as desired.

5. Disclosure:

5.1. Appropriate disclosures as required under the Applicable Laws shall be made by the Company within the prescribed time and manner.

6. General

6.1. The Policy would be subject to revision/amendment in accordance with the applicable laws.

Policy on Board Diversity

(Clause 4.5.1 of Policy on Nomination, Remuneration & Board Diversity)

The Policy on Board Diversity (“the Policy”) sets out the approach to diversity on the Board of directors (“the Board”) of DAI-ICHI KARKARIA LIMITED (the “Company”).

The Nomination and Remuneration committee (‘NRC’) of the Company shall review and assess Board composition on behalf of the Board and shall recommend to the Board, the appointment of new directors based on their qualifications, positive attributes and independence. In reviewing Board composition, NRC will consider the benefits of all aspects of diversity in order to enable it to discharge its duties and responsibilities effectively.

A truly diverse Board will include and make good use of the differences in the skills, regional and industry experience, background, gender and other distinctions between Directors. These distinctions would be considered in determining the optimum composition of the Board and when possible would be balanced appropriately.

At a minimum, the Board of the Company shall consist of at least one-woman Director. The Independent Director shall fulfil the criteria specified in Schedule IV & Section 149(7) of the Companies Act, 2013 and rules made thereunder and of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. All Board appointments are made on merit, in context of the knowledge, skills, experience, independence and integrity which are required to make the Board as a whole effective.

As part of the annual performance evaluation of the effectiveness of the Board, Board Committees and individual Directors, the balance of skills, experience, independence and knowledge of the Company and the diversity representation of the Board, including gender, how the Board works together as a unit, and other factors relevant to its effectiveness will be considered.

The Policy would be subject to revision/amendment in accordance with the applicable laws.
