

DAI-ICHI KARKARIA LIMITED
NOMINATION AND REMUNERATION POLICY

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

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1.	Original Version	8.8.2014
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3.	Modified Version 2	16.5.2025

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 senior management personnel 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.

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, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- 3.6.6. Such other officers as may be prescribed

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

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 Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the persons identified and designated as key managerial personnel, other than the board of directors, by the Company.

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 identify the candidates who are qualified to become Director, KMP & SMP. Upon identifying the suitable candidate, NRC shall evaluate the profile of the candidate and make a recommendation to the Board for appointment of Director/KMP/SMP.

4.1.2.2. 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. Familiarization - 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. Every year, the Independent Directors shall be familiarise through discussing business growth and performance of the Company, through deliberations at the Committee and Board Meetings.

4.2.2.5. 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, shall be filled by the listed entity at the earliest and in any case not later than 3 months from the date of such vacancy..

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. If the composition of Board and Committee is already in compliance with SEBI Listing Regulations.

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. and the provisions of Schedule V of the Companies Act, 2013.

4.4.1.4. The remuneration paid to Executive Directors shall comprise a mix of Fixed Remuneration, Perquisites & Allowances and Performance Linked Incentive. The performance incentive will be recommended to the Board for approval.

i. Fixed Remuneration, Perquisites and Allowances

This includes the basic salary (monthly remuneration) as recommended by the NRC and approved by the Board and Shareholders of the Company. Perquisites and allowances includes Free of cost furnished accommodation or House rent allowance in lieu thereof, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, servants' salary, children's education benefit; Medical reimbursement, accident and mediclaim insurance, leave travel assistance, club fees

and such benefits, and other perquisites and allowances in accordance with the Rules of the Company or as may be agreed by the Board of Directors.

ii. Performance Linked Incentive

Performance linked incentive is paid subject to annual review of the Nomination and Remuneration Committee and the Board, keeping in view of Company's performance.

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, as it deems fit.

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 recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

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 shall recommend the Board the remuneration payable to SMP

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:

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

6. General

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.

CRITERIA FOR EVALUATION
INDIVIDUAL DIRECTORS

1. Does the Director generally attend the meetings?
2. Does the Director come well prepared for the Meeting?
3. Does the Director's skill / expertise provide significant contribution to the Board's discussions and deliberations?
4. Does the Director exercise his independent judgement / view on potential conflicts of interest of management, board members and the promoters?
5. Does the Director have good interpersonal relationship with the other directors?
6. Does the Director strive to safeguard the interest of minority shareholders?
7. Does the Director encourage implementation of the best corporate governance practices?

CHAIRPERSON OF BOARD

1. Whether the Chairperson displays efficient leadership, is open-minded, decisive, courteous, displays professionalism, able to coordinate the discussion, etc. and is overall able to steer the meeting effectively?
2. Whether the Chairperson is impartial in conducting discussions, seeking views and dealing with dissent, etc.?
3. Whether the Chairperson is sufficiently committed to the Board and its meetings?
4. Whether the Chairperson is able to keep shareholders' interest in mind during discussions and decisions?
5. Does the Chairperson handle critical situation effectively?
6. Is the Chairperson able to discuss openly difficult issues and bad news?
7. Does the Chairperson allow or even encourage critical interventions of Board members?
8. Is there contact of Chairperson with Senior management?

BOARD EVALUATION

1. Whether the composition and appointment process to the board of directors is clear and transparent and includes provisions to consider diversity of thought, experience, knowledge, perspective and gender in the board of directors?
2. Is the frequency of the Board Meetings appropriate?
3. Is the Board agenda designed in a way to allow appropriate deliberation and decision?
4. Whether the Board discusses every issue comprehensively and depending on the importance of the subject. Whether overall the Board functions constructively as a team?
5. Are the minutes of the meeting recorded properly and circulated & approved as per the set procedures?
6. Whether all the information pertaining to the meeting are disseminated to the members timely, frequently, accurately, regularly. Whether Board is adequately informed of material matters in

between meetings?
7. Whether the Board overall reviews and guides corporate strategy, major plans of action, risk policy, annual budgets and business plans, sets performance objectives, monitored implementation and corporate performance and oversees major capital expenditures?
8. Whether the Board ensures the integrity of the entity's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards?
9. Whether a sufficient number of non-executive members of the board of directors capable of exercising independent judgement are assigned to tasks where there is a potential for conflict of interest?
10. Whether the Board acts on a fully informed basis, in good faith, with due diligence and care, with high ethical standards and in the best interest of the entity and the stakeholders?
11. Whether an appropriate and adequate succession plan is in place and is being reviewed and overseen regularly by the Board?

COMMITTEE EVALUATION

1. Audit Committee
GENERAL
1.1 Is the composition of the Audit Committee appropriate having regard to interpreting financial statement?
1.2 Is the frequency of the Committee Meeting adequate?
1.3 Does the Audit Committee engage in adequate deliberation on agenda items?
1.4 Are the outstanding actions arising from the Audit Committee meeting adequately followed up?
1.5 Do the members of the Audit Committee demonstrate a high level of integrity?
1.6 Is the Audit Committee performing its tasks adequately from the point of view of the Board?
1.7 Are the Audit Committee meetings agenda & relevant documents circulated on time so as to enable full and proper consideration of important issues at the meeting?
1.8 Information to the Board about the activities of the Audit Committee.
1.9 Independence of the Committee from the Board and contribution to decisions of the Board
PERFORMANCE OF SPECIFIC DUTIES BY THE MEMBERS OF THE AUDIT COMMITTEE
1.10 Do the Internal Audit Reports focus on the Company's key risks and control and is the Audit Committee satisfied about the process to address these issues?
1.11 Is the Audit Committee satisfied with the quality of the external and internal audit reports presented to them?
1.12 Does the Audit Committee call for comments of the Auditors about the internal control systems?
1.13 Are the financial statements and disclosures coming up for discussion at the meeting, complete and clear and drawn up as per the Accounting Standards and/or generally accepted accounting practise?
1.14 Are the Audit Committee reports to the Board given on a timely basis?

2. Nomination and Remuneration Committee
GENERAL
2.1 Is the composition of the Nomination and Remuneration Committee appropriate?
2.2 Are the frequency of the Nomination & Remuneration Committee Meeting adequate?
2.3 Is the Nomination and Remuneration Committee engaged in dialogue with Management during setting criteria for the performance evaluation process of KMP / Senior Management?
2.4 Is the Nomination and Remuneration Committee performing its tasks adequately from the point of view of the Board?
2.5 Information to the Board about the activities of the Nomination and Remuneration Committee.
2.6 Independence of the Committee from the Board and contribution to decisions of the Board
PERFORMANCE OF SPECIFIC DUTIES BY THE MEMBERS OF THE NOMINATION AND REMUNERATION COMMITTEE
2.7 Is the criteria for determining the Independence of a Director assessed before his appointment as an Independent Director?
2.8 Is there material / information placed before the Nomination and Remuneration Committee whilst determining the performance pay and remuneration of KMP / Senior Management?

3. STAKEHOLDERS RELATIONSHIP COMMITTEE
3.1. Is the composition of the Stakeholders Relationship Committee appropriate?
3.2. Are the frequency of the Stakeholders Relationship Committee Meeting adequate?
3.3. Is the Stakeholders Relationship Committee performing its tasks adequately from the point of view of the Board?
3.4. Information to the Board about the activities of the Stakeholders Relationship Committee.

CRITERIA FOR QUALIFICATIONS, POSITIVE ATTRIBUTES AND INDEPENDENCE OF DIRECTORS, KMP & SMP:

1. His/her stature, appropriate mix of expertise, skills, behavior, experience, leadership qualities, sense of sobriety and understanding of business, strategic direction to align company's value and standards.
2. His/her knowledge of finance, accounts, legal, investment, marketing, foreign exchange/ hedging, internal controls, risk management, assessment and mitigation, business operations, processes and Corporate Governance.
3. His/her ability to create a performance culture that drives value creation and a high quality of debate with robust and probing discussions.
4. Effective decisions making ability to respond positively and constructively to implement the same to encourage more transparency.
5. Recognize the role which he/she is expected to play, internal Board Relationships to make decisions objectively and collectively in the best interest of the Company to achieve organizational successes and harmonizing the Board.
6. His/her contribution to enhance overall brand image of the Company

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| 7. Quality of decision making on source of raw material/procurement of roughs, export marketing, understanding financial statements and business performance, raising of finance, best source of finance, working capital requirement, forex dealings, geopolitics, human resources etc. |
| 8. His/her global presence, rational, physical and mental fitness, broader thinking. |
| 9. Commitment, contribution, integrity and independence. |