

D. B. Corp Limited

Policy on Nomination and Remuneration of Directors, KMPs and other employees

Document Approval Matrix

Version	Type of Document	Reviewed By	Approved By
4.0	Policy on Nomination and Remuneration of Directors, KMPs and other employees	Chief Financial Officer and Company Secretary	Board of Directors

1. Preamble

In terms of Section 178 of the Companies Act, 2013 and the Listing Agreement, this policy on nomination and remuneration of Directors, Key Managerial Personnel (“KMPs”), Senior Management Personnel and other employees of the company was formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors in a meeting held on 16th October, 2014. This policy acts as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a director, matters relating to remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and other employees and for attaining a balanced structure of the Board as envisaged by the corporate governance norms.

With coming into effect of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI (LODR) Regulations”) on 1 December, 2015 and repeal of Listing Agreement, this Policy on Nomination and Remuneration of Directors, KMPs and other employees was further updated with approval of the Managing Director to reflect all the amended provisions. This amended Policy was made effective from 1 August, 2018.

With coming into effect of SEBI (LODR) (Second Amendment) Regulations, 2023, this Policy was further amended to align it with the amended provisions of the SEBI (LODR) Regulations which were made effective from 14 July, 2023. The Board of Directors at its meeting held on 20 July, 2023 approved this amended version.

2. Purpose

This policy aims -

- To outline the remuneration that may be payable to Directors (including Independent Directors), Senior Management Personnel as well as Key Managerial Personnel (Chief Executive Officer, Chief Financial Officer and Company Secretary) (“KMPs”) taking into account various corporate regulations.
- To enable the company to attract, retain and motivate highly qualified executives at Senior Management level.

- To ensure that the interests of executives are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the company and shall be consistent with “pay for performance” principle.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To maintain an appropriate range and balance of skills, experience, knowledge and character on the Board.

3. Definitions

“**Act**” means Companies Act, 2013 and rules made thereunder.

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

“**NRC**” means Nomination and Remuneration Committee of the Board of Directors of the Company as constituted or re-constituted by the Board under relevant provisions of the Act and the SEBI (LODR) Regulations.

“**Independent Director**” means a director referred to in Section 149 (6) of the Companies Act, 2013 as amended from time to time.

“**Key Managerial Personnel**” (KMP) means key managerial personnel as defined under the Companies Act, 2013 and also includes Deputy Managing Director and such other officer as may be so nominated by the Company.

“**Ministry**” means the Ministry of Corporate Affairs, Government of India, New Delhi.

“**Regulations**” refers to and comprises of the Companies Act, 2013, the Companies (Meeting of Board and it’s powers) Rules, 2014, the Companies (Appointment and Qualification of Directors) Rules, 2014, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, SEBI (LODR) Regulations, as amended from time to time and such other rules and provisions as applicable to the matters dealt with by this Policy.

“**Senior Management Personnel**” means senior management personnel of the company as defined in SEBI (LODR) Regulations and/or Companies Act, 2013, as amended from time to time.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and/or in SEBI (LODR) Regulations as may be amended from time to time, shall have the meaning respectively assigned to them therein.

4. NRC

In compliance with the SEBI (LODR) Regulations and the Companies Act, 2013, the Company has constituted Nomination and Remuneration Committee (“NRC”) which at present comprises of three directors who are all Non-Executive Directors. 2/3rd of the members of the NRC are Independent Directors and the Chairperson of the NRC is also an Independent Director, as per statutory requirements in this regard.

The terms of reference of the NRC are in consonance with statutory requirements in this regard.

The Role and Powers of the NRC shall be as under:

- a) To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- b) To formulate criteria for evaluation of Independent Directors and the Board.
- c) To identify persons who qualify to become Directors and who may be appointed in Senior Management level in accordance with the criteria laid down in this Policy.
- d) To carry out evaluation of every Director's performance.
- e) To recommend to the Board the appointment and removal of Directors, Key Managerial Personnel and Senior Management Personnel.
- f) To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management Personnel.
- g) To ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meet appropriate performance benchmarks.
- h) To devise a policy on Board Diversity.
- i) To formulate the Nomination and Remuneration policy of the Company and propose any amendments.
- j) To assist the Board in ensuring that plans are in place for orderly succession for appointments to the Board, Key Managerial Personnel and to senior management level.
- k) To administer, monitor and formulate, detailed terms and conditions of the Employees' Stock Option Schemes.
- l) The Committee shall perform the functions as prescribed under the Act and SEBI (LODR) Regulations from time to time.

5. Criteria for appointment of a Director

The NRC shall review and assess Board composition and recommend the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:

1. All Board appointments to be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.
3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and spirit by the Director.

Based on recommendation of the NRC, the Board shall evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman shall interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director shall be co-opted by the Board in accordance with the applicable provisions of the Act as well as SEBI (LODR) Regulations. The Company shall ensure that approval of shareholders for appointment of a person on the Board of Directors is taken in accordance with the Companies Act, 2013 and SEBI (LODR) Regulations.

6. Diversity of Board

Diversity includes differences that relate to gender, age, ethnicity, disability, sexual orientation and cultural background. In addition, diversity also includes differences in background and life

experience, communication styles, interpersonal skills, education, functional expertise and problem solving skills.

The objective is to have a Board with diverse background and experience in business, government, academics, technology and in areas that are relevant for the Company's overall operations.

The NRC shall discuss and agree on all measurable objectives for achieving diversity of the Board and recommend them to the Board for adoption. At any given time the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

Diversity of Board shall also be governed by various provisions of the Companies Act, 2013 and other regulations governing the company like SEBI (LODR) Regulations. They shall be adhered to as amended from time to time.

7. Remuneration to Whole-time / Executive / Managing / Dy. Managing Director

The Managing / Deputy Managing / Whole Time director shall be eligible for remuneration as may be approved by the shareholders of the Company on the recommendation of the NRC and the Board of Directors. The break-up of remuneration into various components shall be decided and approved by the Board on the recommendation of the NRC and shall be within the overall remuneration approved by the shareholders and the Central Government, wherever required.

If in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing / Deputy Managing / Whole Time Director in accordance with the provisions of the Companies Act, 2013 read with Schedule V to the Act.

If any Managing / Deputy Managing / Whole Time Director draws or receives, directly or indirectly by way of remuneration, any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

The Managing / Deputy Managing / Whole Time Director shall be covered under the Directors' and Officers' Insurance Policy as in force in the Company from time to time.

8. Remuneration to Non-Executive / Independent Director (ID)

The Non-Executive Director and Independent Director (ID) shall be paid such remuneration by way of sitting fees per meeting of the Board and its Committees attended by the director, as may be decided by the Board subject to the ceiling prescribed under the Act and reimbursement of expenses for participating in the Board and the Committee meeting/s.

The ID shall not be paid remuneration in any other form apart from the sitting fees, etc. as mentioned above. If and when it is decided to pay such remuneration to the IDs, it shall be paid in accordance with the statutory requirements in this regard.

The ID shall be covered under the Directors' and Officers' Insurance Policy as in force in the Company from time to time.

The ID shall have no entitlement to any bonus during the appointment and no entitlement to participate in any employee stock option scheme operated by the Company or any Group Company.

9. Appointment, Remuneration, Resignation and Retirement of KMP (other than MD & Deputy MD) and Senior Management Personnel and other employees

The HR department shall evaluate professional and academic qualifications, professional titles and relevant work experience of the prospective candidates and in consultation with the MD/Dy. MD shall recommend appropriate candidate to the NRC for appointment to the KMP and Senior Management level. The NRC shall recommend the appointment to the Board of Directors for approval.

In respect of other employees, the Company shall have adequate HR mechanism for searching the right talent, checking references and appointment.

The KMP, Senior Management Personnel and other employees of the Company shall be paid monthly remuneration as per Company's HR policies. The break-up of the pay scale and quantum of perquisites including employer's contribution to PF, pension scheme, medical expenses, etc. shall be as per company's HR policies.

The Chief Human Resource Officer and / or the Chief Financial Officer of the Company shall make organisation-wide annual presentation(s) before the MD / Dy. MD which would have requisite details setting out the proposed performance bonus payouts as well as the proposed increments. The MD / Dy. MD shall peruse and approve the same. In case any of the relevant regulations require that remuneration of KMPs or any other officer is to be specifically approved by the NRC / the Board of Directors / shareholders of the Company then such approval shall be accordingly obtained.

Instances where the financial statements are required to be re-stated due to fraud or non-compliance with any requirement under the Companies Act, 2013 and the rules made thereunder, the Company shall recover from any past or present Key Managerial Personnel/Senior Management Personnel who, during the period for which the financial statements are required to be re-stated, received the remuneration (including stock option, if any) in excess of what would have been payable as per the re-statement of financial statements.

Resignation and retirement of KMP (other than MD & Deputy MD) and Senior Management Personnel and other employees shall be dealt with as per applicable HR Policy on Separations in this behalf and the NRC shall note the same.

In case of voluntary / early / premature retirement of KMP (other than MD & Deputy MD) and Senior Management Personnel and other employees than the age of superannuation as per HR Policy, the same shall be dealt with as per applicable HR Policy on Separations in respect of "retirement" and it shall not be considered as "resignation" for any statutory / regulatory compliance in this regard.

10. Evaluation

The Committee shall undertake a formal and rigorous annual evaluation of the Board, including its Committees and individual Directors by formulating a criteria and framework for evaluation of performance of every Director on the Board of the Company or engage with a third-party

facilitator in doing so. The performance evaluation shall be undertaken on yearly basis, the schedule of which may be laid down by the NRC.

11. Succession Planning

In order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board, KMP and Senior Management Personnel, the Company shall establish and review succession plans for Board, KMP and Senior Management Personnel.

The NRC shall ensure to identify and nominate suitable candidates for the Board's approval to fill the vacancies which arise in the Board of the company from time to time. The Committee shall also ensure the systematic and long-term development of individuals in the senior management level to replace when the need arises due to deaths, disabilities, retirements and other unexpected occurrence.

12. Removal

The NRC may recommend to the Board, with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions of the Companies Act, 2013 and all other applicable Acts, Rules and Regulations, if any.

13. Changes

This remuneration policy shall apply to all future / continuing employment engagement(s) with the Company. Any departure from the Policy shall be recorded and reasoned in the NRC / Board Meeting minutes.

The NRC shall periodically review the policy and carry out the changes as may be required or mandated on account of change in the governing regulations. Changes to the policy, required by any amendment in the governing statutes, can be approved from time to time by the Managing Director / Dy. Managing Director and any such change shall be notified to the NRC / the Board in its next meeting.

14. Effective Date of this version

This version is effective from July 20, 2023.

15. Date of the meeting of the Board of Directors which ratified / approved this version

July 20, 2023
