

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
3.0	Policy on Nomination and Remuneration of Directors, KMPs and other employees	P. G. Mishra, Group CFO, Lalit Jain, GM Finance, Anita Gokhale, Company Secretary	Managing Director

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 (KMP), Senior Management 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 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.

2. Purpose

This policy aims -

- To outline the remuneration that may be payable to Independent Directors and other Directors 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 will 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.

“Committee” means Nomination and Remuneration Committee 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.

“Key Managerial Personnel” (KMP) means key managerial personnel as defined under the Companies Act, 2013 and includes:

- a. Managing Director;
- b. Whole Time Director;
- c. Deputy Managing Director;
- d. Chief Financial Officer;
- e. Company Secretary;
- f. Such other officer as may be prescribed.

“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” for this purpose shall mean employees of the company who are members of its core management team excluding Board of Directors. It would comprise all members of management one level below the Managing / Dy. Managing Director, including the functional / vertical heads.

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. NR Committee

In compliance with the Listing Regulations and the Companies Act, 2013, the Company has constituted Nomination and Remuneration Committee (“NR Committee”) consisting of four members who are all Non-Executive Directors and two of them (i.e. 50%) are Independent Directors. The Chairman of the Committee is an Independent Director, as per statutory requirements in this regard.

The terms of reference of the Nomination and Remuneration Committee are in consonance with statutory requirements in this regard. It’s role, inter-alia, includes the following:

- (1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- (2) formulation of criteria for evaluation of performance of Board, its committees and individual Directors
- (3) devising a policy on diversity of board of directors;
- (4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.

- (5) considering whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- (6) formulation of method of effective evaluation of performance of the Board, its committees and individual directors.
- (7) consider any other matters as may be requested / delegated by the Board.

5. Criteria for appointment of a Director

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person proposed to be appointed as a Director and recommend his/her appointment to the Board.

A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / relevant for the concerned position.

A person to be appointed as an Independent Director must qualify the criteria of being "Independent" under various provisions of the Companies Act, 2013 and / or SEBI (LODR) Regulations, as amended from time to time. Appointment of Independent Directors is subject to compliance of provisions of Section 149 of the Companies Act, 2013 read with schedule IV and the rules made thereunder. In addition, directors must be willing to devote sufficient time and energy in carrying out their duties and responsibilities effectively. They must have the aptitude to critically evaluate management's working as part of a team in an environment of trust.

Term / Tenure of Managing Director/whole time director and independent director shall be governed by the Companies Act, 2013 and various rules made thereunder, as amended from time to time.

The committee shall ensure that a person is not disqualified for appointment as a director under Section 164 of the Companies Act, 2013 and other regulations, if any made/amended from time to time by the Ministry.

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 committee will 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 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 Whole time director shall be eligible for remuneration as may be approved by the shareholders of the company on the recommendation of the Committee 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 Committee and shall be within the overall remuneration approved by the shareholders and 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 Whole-time Director in accordance with the provisions of the Companies Act, 2013 read with Schedule V to the Act and if it is not able to comply with such provisions, then with the previous approval of the Central Government.

If any 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 Whole-time Director will be covered under the Directors' and Officers' Insurance Policy as in force from time to time in the Company.

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

The ID will be paid such remuneration by way of sitting fees per meeting of the Board and its Committees 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 meetings.

The ID will 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 will be paid in accordance with the statutory requirements in this regard.

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

The ID will 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 and Remuneration of KMP (other than MD & Deputy MD) and Senior Management 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 NR Committee for appointment to the KMP and Senior Management Level. The NR committee shall recommend the appointment to the Board of Directors for approval.

In respect of other employees, company shall have adequate HR mechanism of 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 will 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 NR Committee / the Board of Directors / shareholders of the Company then such approval will be accordingly obtained.

10. Evaluation

The Committee shall carry out evaluation of performance of every Director as per the separate policy laid down by the Committee in this regard.

11. Removal

The Committee 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.

12. 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 Committee / Board Meeting minutes.

The Committee 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, shall be approved from time to time by the Managing Director / Dy. Managing Director and any such change shall be notified to the Committee / the Board in its next meeting.

13. Effective Date of this version

This version is effective from 1 August, 2018.

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

19th July 2018
