



## **NOMINATION AND REMUNERATION POLICY**



## NOMINATION AND REMUNERATION POLICY

### 1. Preamble

This Nomination and Remuneration Policy provides the framework for defining the criteria with regard to qualifications, attributes of a person to be appointed as a Director and also on remuneration of members of the Board of Directors, Key Managerial Personnel and other Senior Management Personnel of the Company.

This Policy is guided by the principles and objectives as enumerated in Section 178 of the Companies Act, 2013 and applicable rules made thereunder ("Act"). The constitution, composition and role of the Committee is also in line with the provisions of Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company.

This policy reflects the remuneration philosophy and principles of the DCW Limited and considers the pay and employment conditions with peers / competitive market to ensure that pay structures are appropriately aligned.

### 2. Definitions

- a. **"Act"** means the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time.
- b. **"Board"** means Board of Directors of the Company.
- c. **"Company"** means **DCW Limited**.
- d. **"Director"** means a Director appointed to the Board of the Company. The term Director shall mean and include Whole-time Director & Non-Executive Directors (including Independent Directors) of the Company.
- e. **"Independent Director"** means a director referred to in Section 149 (6) of the Companies Act, 2013 and Regulation 16(1)(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- f. **"Key Managerial Personnel" (KMP)** defined under Companies Act, 2013, as amended from time to time.

Note: As per Section 2(51) Key Managerial Personnel means

- i. Managing Director or Chief Executive Officer or manager
- ii. Company Secretary;
- iii. Whole-time Director



- iv. Chief Financial Officer;
  - v. 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
  - vi. Any other person as defined under the Companies Act, 2013 from time to time.
- g. **“Listing Regulations”** shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- h. **“Nomination and Remuneration Committee or Committee”** shall mean a Committee of Board of Directors of the Company.
- i. **“Remuneration Policy or This Policy”** means, “Nomination and Remuneration Policy.”
- j. **“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.
- k. **“Senior Management”** shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer and all functional heads.

The words and expressions used and not defined in this policy but defined in the Companies Act or Listing Regulations shall have the meanings respectively assigned to them in the Act/Rules and Regulations.

### **3. Policy for appointment and removal of Director, KMP and Senior Management Personnel**

#### **a. Appointment criteria and qualifications**

- i. The Nomination and Remuneration Committee is constituted by the Board of Directors of DCW Limited, pursuant to the provisions of Section 178 of the Companies Act, 2013.
- ii. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as a Director, KMP or at Senior Management Personnel position in the Company and recommend to the Board his / her appointment to the respective positions.
- iii. The Committee shall ensure compliance with provisions of NSE and BSE circular dated June 20, 2018, while recommending any director for appointment.
- iv. A person should possess adequate qualification, expertise and experience for the position he /she is considered for appointment to the concerned position. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.



- v. The Committee shall ensure the Board diversity policy of the Company is adhered to and also ensure an optimum and balanced members of the Board with varied experience to have an effective Board.
- vi. The Committee shall not recommend appointment of any person as a non-executive director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
- vii. The Committee shall ensure that approval of shareholders for appointment of a person on the Board of Directors or as a manager is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier:  
Provided that the appointment or a re-appointment of a person, including as a managing director or a whole-time director or a manager, who was earlier rejected by the shareholders at a general meeting, shall be done only with the prior approval of the shareholders:  
Provided further that for considering the appointment or re-appointment of such a person earlier rejected by the shareholders, a detailed explanation and justification for recommending such a person for appointment or re-appointment shall be given by the Nomination and Remuneration Committee to the Board and Shareholders in the explanatory statement annexed to the notice for such motion.
- viii. The Committee shall ensure that the appointment, re-appointment or removal of an independent director of the Company, shall be subject to the approval of shareholders by way of a special resolution.  
  
Provided that where a special resolution for the appointment of an independent director fails to get the requisite majority of votes but the votes cast in favour of the resolution exceed the votes cast against the resolution and the votes cast by the public shareholders in favour of the resolution exceed the votes cast against the resolution, then the appointment of such an independent director shall be deemed to have been made. (“deemed appointment by resolution by requisite majority”)  
Provided further that an independent director appointed under the aforementioned proviso shall be removed only if the votes cast in favour of the resolution proposing the removal exceed the votes cast against the resolution and the votes cast by the public shareholders in favour of the resolution exceed the votes cast against the resolution.
- ix. The Committee shall ensure that no director is holding office in capacity of director or as member/ Chairperson of the committee in other companies exceeding the limit as prescribed by Companies Act, 2013 or Listing Regulations or any other law for the time being in force.



## **b. Term / Tenure**

The term and tenure of the appointment of Executive Directors and Independent Directors shall be as per the applicable provisions of the Companies Act, 2013. For the KMP and senior management personnel the Company's HR Policies would be applicable as amended from time to time.

### **i. Managing Director/ Whole-time Director:**

The Committee shall ensure that the Company appoints or re-appoints any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time and no re-appointment is be made earlier than one year before the expiry of term.

A person who has resigned as Independent Director from a listed entity shall not be appointed as Executive/whole time director on the board of Company, its holding, subsidiary or associate company or on board of company belonging to promoter group for a period of one year. [Reg 25(11)]

### **ii. Independent Director:**

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be 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 shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of a cooling off period of three years after ceasing to become an Independent Director consequent to expiry of 2<sup>nd</sup> term of his/her appointment. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

## **c. Evaluation**

The Nomination and Remuneration Committee shall carry out evaluation of performance of every Director at regular interval (yearly).

## **d. Removal**

Due to reasons for any disqualifications mentioned in the Companies Act, 2013 or any other applicable act, rules and regulation thereunder, the Nomination and Remuneration Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, subject to the Compliance of the said Act, Rules and Regulations. The removal of the KMP and Senior Management Personnel shall be in accordance with Company's HR policies as amended from time to time.

Where an Independent director is appointed by way of deemed appointment by resolution by requisite majority, then he/ she shall be removed only if the votes cast in favour of the resolution proposing the removal exceed the votes cast against the resolution and the votes cast by the public shareholders in favour of the resolution exceed the votes cast against the resolution.



#### **e. Retirement**

The KMP and Senior Management Personnel shall retire as per and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

The Committee shall recommend retirement of any person as directorship as a non-executive director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

#### **4. Policy relating to the Remuneration of Non-Executive Directors, Managing Director, Key Managerial Personnel and Senior Managerial Personnel**

##### **a. General**

The Remuneration/ Compensation/ Commission etc. to be paid to Director/ Whole-time Directors/ KMP/ Senior Management etc. shall be governed as per the provisions of Section 149, 197 read with Schedule V and such other applicable provisions of the Companies Act, 2013 and Rules made there under or any other enactment for the time being in force, and pursuant to Regulation 17 & 19 and other such applicable regulations of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015.

Subject to the applicable provisions of law for the time being in force and appropriate consents and permissions, the Nomination and Remuneration Committee of the Board shall have power to fix remuneration and modify/ amend the same within the overall limits of Section 197 read with Schedule V of the Act, applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 & Companies Act, 2013 and rules made thereunder. The remuneration may be decided as fixed and/or variable or combination of both.

The remuneration/compensation/commission etc. to the Directors, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required;

The remuneration and commission to be paid to the Directors shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act;

Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managing Director/Whole-time Director;

Where any insurance is taken by the Company on behalf of its Managing Director, Whole- time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for



indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

**b. Remuneration of Non-Executive Directors**

- i. Non-Executive Directors (“NEDs”) are entitled to remuneration by way of Sitting Fees and Commission as per the applicable provisions of the Companies Act, 2013.
- ii. The sitting fee payable to the NEDs for attending the Board and Committee meetings is fixed subject to the statutory ceiling.
- iii. An Independent Director may receive remuneration by way of fee provided under sub-section (5) of section 197 of the Act, reimbursement of expenses for participation in the Board and other meetings and profit related commission as may be approved by the members.  
Provided that if a company has no profits or its profits are inadequate, an independent director may receive remuneration, exclusive of any fees payable under sub-section (5) of section 197 of the Act, in accordance with the provisions of Schedule V of the Act.
- iv. Approval of shareholders by way of special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive Director exceeds 50% of total remuneration payable to all non-executive Directors, giving details of remuneration thereof. The amount of such remuneration shall be such as may be recommended by the Committee and approved by the Board of Directors or shareholders, as the case may be.

**c. Remuneration of Managing Director**

- i. The fees or compensation payable to Executive directors who are Promoters or members of the Promoter group, shall be subject to the approval of the Shareholders by special resolution in general meeting, if-
  - a) the annual remuneration payable to such executive director exceeds INR 5 crores or 2.5 per cent of the net profits of the listed entity, whichever is higher; or
  - b) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity:

Provided that the approval of the shareholders shall be valid only till the expiry of the term of such director.

- ii. The compensation paid to the Managing Director is within the scale approved by the Shareholders. The elements of the total compensation are approved by the Nomination and Remuneration Committee within the overall limits specified under the Companies Act, 2013.
- iii. The elements of compensation of the Managing Director include salary, perquisites and commission.
- iv. In case of inadequacy of profit in any financial year, the remuneration payable to the Managing Director shall be further subject to the relevant provisions of the Companies Act, 2013.
- v. Executive Directors will not be paid sitting fees for any Board/ Committee meetings attended by them.



#### **d. Remuneration to Key Managerial Personnel except Managing Director and Senior Management Personnel**

- i. The Company's total compensation for Key Managerial Personnel / other employees consists of:
  - fixed compensation
  - variable compensation in the form of Variable Performance Pay
  - benefits
  - work related facilities and perquisites
- ii. Fixed compensation is determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills, experience and performance of the employee. Fixed compensation broadly includes Basic Salary, Housing Allowance, Leave Travel Allowance and special allowance.
- iii. The Annual Variable Performance Pay (VPP) of Senior Management Personnel is linked directly to the performance of the Business Unit/ Company in accordance with the VPP Scheme of the Company and individual performance.
- iv. Based on the grade and seniority of employees, Benefits for employees include:

##### **Health-Related:**

- Health (hospitalization) insurance
- Accident and Life insurance

##### **Retirement-Related:**

- Contribution to a Superannuation Fund (in addition to statutory benefits such as Provident Fund account, Gratuity etc)
- i. Employees are also eligible for work related facilities and perquisites as may be determined through HR policies issued from time to time based on the Grade of the employee.
  - ii. A formal annual performance management process is applicable to all employees, including senior executives. Annual increases in fixed and variable compensation of individual executives are directly linked to the performance ratings of individual employee.
  - iii. Overall compensation shall be subject to periodic reviews which takes into account data from compensation surveys conducted by specialist firms, as well as factors such as affordability based on the Company's performance and the economic environment.
  - iv. Employees may be eligible for severance payments in accordance with the termination clause in their employment agreement subject to applicable regulatory requirements

#### **5. Adoption, Changes and Disclosure of Information**

- i. This Nomination and Remuneration Policy and any changes thereof are approved by the Board of Directors based on the recommendation(s) of the Nomination and Remuneration Committee.
- ii. The policy may be reviewed at such intervals as the Board or Nomination and remuneration Committee may deem necessary.
- iii. Such disclosures of this Remuneration Policy as may be required under the Companies Act, 2013 may be made.



### **BOARD DIVERSITY**

- i. The Company acknowledges the importance of diversity in its broadest sense in the Boardroom as a driver of Board effectiveness. Diversity encompasses diversity of perspective, experience, education, background, ethnicity and personal attributes. The Company recognizes that gender diversity is a significant aspect of diversity and acknowledges the role that woman with the right skills and experience can play in contributing to diversity of perspective in the Boardroom.
- ii. The NRC shall review and evaluate Board composition to ensure that the Board and its Committees have the appropriate mix of skills, experience, independence and knowledge to ensure their continued effectiveness. In doing so, it will take into account diversity, including diversity of gender, amongst other relevant factors. The NRC will ensure that no person is discriminated against on grounds of religion, race, gender, pregnancy, childbirth or related medical conditions, national origin or ancestry, marital status, age, sexual orientation or any other personal or physical attribute which does not speak to such person's ability to perform as a Board member.
- iii. All appointments to the Board (as recommended by the NRC) shall be made on merit while taking into account suitability for the role, Board balance and composition, the required mix of skills, background and experience (including consideration of diversity and ethnicity). Other relevant matters such as independence and the ability to fulfil required time commitments in the case of Independent and Non-Executive Directors will also be taken into account.
- iv. The NRC shall monitor and periodically review the Board Diversity and recommend to the Board so as to improve one or more aspects of its diversity and measure progress accordingly.
- v. The Company will be able to ensure Board diversity if shareholders are able to judge for themselves whether the Board as constituted is adequately diverse. The Company shall continue to provide sufficient information to the shareholders about the qualifications, expertise and characteristics of each Board Members.

### **AMENDMENTS TO THE POLICY**

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit. The Company shall reserve the rights to make alterations/ amendments to the Policy from time to time to ensure compliance with any modification, amendment or supplementation to the Companies Act, 2013 and rules made there under, the Listing Agreements, the Securities and Exchange Board of India Act, 1992 and rules/ regulations/ guidelines made there under, the Memorandum and Articles of Association of the Company or as may be otherwise prescribed by the Board from time to time.

### **AMENDMENTS IN THE LAW**

Any subsequent amendment/modification in the listing agreement and/or other applicable laws in this regard shall automatically apply to this Policy. In case of any amendments in the provisions of the Act, which makes any of the provisions/ clauses in the Policy inconsistent with the Act, then the provisions of the Act would prevail over the Policy and the Policy shall stand amended effective from date of such amendments, as notified from time to time.