

## **DIL LIMITED**

### **NOMINATION AND REMUNERATION POLICY**

#### **Introduction:**

Pursuant to the provisions of Section 178 of the Companies Act, 2013 read with the applicable rules thereto and Regulation 19 of the newly Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be enacted or amended from time to time (Listing Regulations), the Nomination and Remuneration Committee of the Company's Board of Directors has formulated this revised Nomination and Remuneration Policy (in substitution of the existing Nomination and Remuneration Policy) ("Policy").

#### **Effective Date:**

This Policy shall be effective from December 01, 2015.

#### **Objectives:**

The objectives of this Policy are as follows:

- (a) guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior management personnel.
- (b) level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
- (c) formulation of criteria for evaluation of Independent Director and the Board
- (d) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (e) remuneration to Directors, Key Managerial Personnel and Senior management 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.
- (f) the Board shall satisfy itself that plans are in place for orderly succession for appointment to the Board of Directors and Senior management.

#### **Definitions:**

- "Act" means Companies Act, 2013 and rules framed there under.
- "Board" means Board of Directors of the Company.

- “Committee” means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.
- “Company” means DIL Limited (CIN: L99999MH1951PLC008485)
- “Director” means member on the Board.
- “employees” means individuals on the payroll of the Company.
- “Independent Director” will have the same meaning as referred to in sub-section (6) of section 149 of the Companies Act, 2013 read with the relevant rules and Regulation 16 of the Listing Regulations.
- “Key Managerial Personnel(KMP)” means:
  - (i) Chief Executive Officer, Managing Director, Manager;
  - (ii) Company Secretary;
  - (iii) Whole-time Director;
  - (iv) Chief Financial Officer;
  - (v) such other officer as may be prescribed, from time to time under the applicable statutory provisions / regulations
- “Listing Regulations” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- “Senior management” means personnel of the Company who are members of its core management team excluding Directors comprising all members of management one level below the Executive Directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Act as may be amended from time to time shall have the meaning respectively assigned to them therein.

## **Matters to be recommended by the Committee to the Board**

The Committee shall:

- Identify persons who are qualified to become Director including Independent Director and persons who may be appointed as KMP and Senior management personnel in accordance with the criteria laid down in this Policy and recommend their appointment to the Board.
- Make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director / KMP as an employee of the Company subject to the provisions of the law and their service contract.

## **Criteria for appointment of Director / KMP / Senior management.**

The Company shall take into account following points, while proposing the appointment of Director / KMP / Senior management personnel:

- i. The proposed Director / KMP / Senior management personnel must have relevant qualification, experience and expertise for the concerned position. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- ii. The proposed Director / KMP / Senior management personnel should possess the highest personal and professional ethics, integrity and values.
- iii. The person so appointed as Director/ Independent Director/ KMP/ Senior management personnel shall not be disqualified under the Companies Act, 2013, rules made there under, Listing Regulations or any other enactment for the time being in force.
- iv. The Director/ Independent Director/ KMP/ Senior management personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made there under, Listing Regulations or any other enactment for the time being in force.

- v. The Board of Directors shall have the optimum combination of Directors from the different areas /fields like production, Management, Quality Assurance, Finance, Sales and Marketing, Supply chain, Research and Development , Human Resources etc or as may be considered appropriate.
- vi. The Board shall have at least one Board member who has accounting or related financial management expertise and at least three members who are financially literate.
- vii. The proposed Director must be willing to devote sufficient time and energy in carrying out their duties and responsibilities.
- viii. In addition, the proposed KMP / Senior management personnel shall also possess:(a) Strong analytical and excellent communication skills; (b) collaborative and flexible style, with a strong service mentality; (c) Leadership skills – ability to lead and motivate a team, supervise them and provide / suggest regular progress reviews and plans for improvement.

**Additional Criteria for Appointment of Independent Directors:**

The Committee shall ensure that (i) the Independent Director(s) proposed to be appointed on the Board shall meet all the criteria as prescribed in the Act and the Listing Regulations; and (ii) the Independent Director(s) has furnished necessary declarations / disclosures to the Board / Company on or before the date of proposed appointment.

**Appointment and Remuneration of Directors:**

- i. The Independent Directors of the Company shall be entitled for sitting fees for attending meetings of the Board and Committee(s) Meetings either personally or through video conferencing or any audio visual means or teleconference, as may be approved by the Board.
- ii. Based on the performance of the Company, the Committee may recommend payment of profit related commission to Non-Executive Directors as per limits laid down in Act, subject to approval of the Board and shareholders of the Company.
- iii. The Independent Directors shall not be entitled to any stock option of the Company.

- iv. The Company shall pay remuneration by way of salary, perquisites, allowances and Variable pay to Managing Director / Executive Director / Whole-time Director ('Executive Director'). The Committee shall review the performance of the Company and the Executive Director and may recommend the annual increment effective 1<sup>st</sup> April each year, for the approval of the Board. Remuneration including annual increment, if any, shall be paid within the limits of the Act and/or range approved by the Shareholders of the Company.
- v. The remuneration paid to the Executive Director is determined keeping in view of the benchmark of the similar industry and the relative performance of the Company to the industry performance. Perquisites and retirement benefits are paid according to the Company's policy as applicable to other employees.
- vi. The tenure of Directors (including Executive Directors and Independent Directors) shall be as per provisions of the Act and rules made there under and the Listing Regulations as amended from time to time.
- vii. **Criteria of making payments to Non-Executive Directors:**

Payment of commission to Non-executive directors including Independent Directors is subject to recommendation by the Nomination and Remuneration Committee to the Board which inter alia shall be based on factors, such as: :

  - a. outcome of the process of evaluation of directors
  - b. attendance and time spent in the Board and committee meetings
  - c. contributions of directors at the meetings and other than in meetings
  - d. exercise of respective roles, responsibilities and functions entrusted by the Act, Listing Regulations, the Board and any other law from time to time

### **Policy on Board Diversity**

The Nomination and Remuneration Committee is responsible for recommendation of appointment and remuneration of directors on the Board, and for reviewing and assessing the composition of the Board.

To ensure the Board diversity, NRC shall ensure that-

- the Board shall have an optimum combination of executive and non-executive directors including woman and independent directors in accordance with requirements of the Articles of Association of The Company, the Companies Act, 2013, Listing Regulations and any other statutory, regulatory and contractual requirements applicable to the Company;

- members of the Board shall be people of varied knowledge, experience and expertise which will enable the Company to run its business most efficiently and effectively.

### **Appointment and Remuneration of KMP / Senior management and other employees of the Company**

- i. The remuneration of KMP, Senior management and other employees shall largely consist of basic salary, perquisites, statutory benefits allowances and performance incentives (Variable pay). Perquisites and retirement benefits shall be paid according to the Company's policy, subject to prescribed statutory ceiling.
- ii. The components of the total remuneration shall be governed by the industry pattern / benchmark, qualification and experience of each employee and governed by the limits, if any prescribed under the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.
- iii. The annual Variable pay of managers including KMPs and Senior management shall be linked to the performance of the Company in general and their individual performance for the relevant year measured against Company's objectives fixed in the beginning of the year.

### **Criteria for Evaluation of Independent Director and the Board:**

The evaluation of Director(s) shall be done by the Board (excluding the Director being evaluated) as per the following criteria read with the provisions of the Act and the Listing Regulations.

#### **1. Executive Directors:**

The Executive Directors shall be evaluated on the basis of (i) achievement of the targets / key performance areas given to Executive Directors by the Board from time to time; and/or (ii) performance of the Company for the relevant period.

#### **2. Non Executive Directors:**

The Non Executive Directors shall be evaluated on the basis of the following criteria i.e. whether the Non Executive Director has:

- i. acted objectively and constructively while exercising his/her duties;
- ii. exercised his/her responsibilities in a bona fide manner in the interest of the Company;
- iii. devoted sufficient time and attention to their professional obligations for informed and balanced decision making;
- iv. taken unfair advantage of their position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage in any manner;
- v. informed the Board immediately when he/she failed to meet any criteria for Independent Director as prescribed in the Act and/or Listing Regulations,
- vi. provided necessary guidance to the Company in implementing the best corporate governance practices.
- vii. strived to attend all meetings of the Board / its Committees (of which he/ she is a Chairperson / Member) and general meetings of the Company;
- viii. participated constructively and actively in the Committees of the Board in which he/she is chairperson or member;
- ix. kept himself / herself well informed about the Company and the external environment / industry in which the Company operates;
- x. abided by Company's Memorandum and Articles of Association, Company's policies and procedures including Code of conduct, Insider trading guidelines etc.

## **Removal**

Subject to the provisions of the Act read with rules made there under and Listing Regulations, the Committee may recommend (along with the reasons / justification) to the Board, removal of any Director, KMP or Senior management personnel, in case such Director / KMP / Senior management personnel (as the case may be) suffers from any disqualification mentioned in the Act, rules made there under, Listing Regulations, or under any other applicable law or on any other reasonable ground(s), as the Committee may deem appropriate.

## **Succession planning for appointment to the Board of Directors and Senior Management**

Succession planning is a tool for an organization to ensure its continued effective performance. The Company recognizes the importance of the process of Succession Planning for the smooth functioning of the organization.

The Objectives of the Succession planning are as follows:

- i. to identify and nominate suitable candidates for the Board's approval to fill the vacancies which arises in the Board from time to time;
- ii. to identify the requirements of critical and key positions, assess potential candidates and develop required competency through planned development and learning initiatives;
- iii. to evaluate all relevant criteria like experience, age, leadership quality etc. and recommend to the Board whether the concerned individual be granted an extension in term/service or be replaced with an identified internal or external candidates.

Succession Plan for the Board / Senior Management:

- i. The Nomination & Remuneration Committee shall periodically review, consider the list of Senior Management due for retirement / vacancies that may arise due to the business needs / restructuring of functions during the year and apply due diligence process to determine the suitability of every person who is being considered for appointment or re-appointment as a Director of the Company based on their educational qualification, experience & track record;
- ii. In case of any retirement, the NRC shall review the possibility of an extension of such personnel on basis of the health, age and the person's willingness to continue for an extended term. The recommendation of the NRC shall be placed before the Board for approval;
- iii. The Board shall evaluate the suitable candidates for the said positions internally as well as externally on basis of the criteria such as job role, experience, leadership qualities.

#### **Directors' and Officers' (D & O) Liability Insurance**

Where any D & O Liability insurance policy is taken by the Company on behalf of its Directors, KMPs/ Senior management personnel etc., the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

**For DIL LIMITED**

**SANJAY BUCH  
CHAIRMAN**