

NOMINATION AND REMUNERATION POLICY

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Approved by : **Board of Directors of the Company on 30.03.2019**

DILIP BUILDCON LIMITED

NOMINATION & REMUNERATION POLICY

Dilip Buildcon Limited considers human resources as its invaluable assets. The Nomination and Remuneration Committee of the Company formulated "Nomination and Remuneration Policy" of Directors, Key Managerial Personnel (KMPs) and other employees as per the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 ("**Listing Regulations**"), as amended thereof from time to time.

Applicability

The Policy shall be applicable for recommendation of the appointment as well as change in remuneration of the following categories of the persons in the company;

- Directors (Executive and Non-Executive);
- Key Managerial Personnel; and
- Senior Management Personnel.

Nomination and remuneration Committee

The Board of Directors of the Company constituted the committee to be known as the Nomination and Remuneration Committee (hereinafter referred as Committee) consisting of three or more non-executive directors out of which at least fifty present directors should be Independent Directors. The Chairperson of the Committee shall be an independent Director.

The nomination and remuneration committee shall meet at least once in a year."

Quorum for conducting the meeting of nomination and remuneration committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.

The Chairperson of the nomination and remuneration committee may be present at the annual general meeting, to answer the shareholders' queries.

Objective

The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013. The objective of this policy is to lay down a framework in relation to remuneration of directors, KMP's, and other employees. The Key objectives of the Committee include the following:

1. Formulating the criteria for determining qualifications, positive attributes and independence of a directors and recommending to the Board a policy, relating to the remuneration of the directors, executive directors, key managerial personnel and other employees;
2. Formulating of criteria for evaluation of the independent directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who qualify to become directors or who may be appointed in senior management and to recommend to the Board for their appointment and removal;
5. specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
6. Determining 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;
7. recommend to the board, all remuneration, in whatever form, payable to senior management;

8. Analysing, monitoring and reviewing various human resource and compensation matters;
9. Determining our Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
10. Determining compensation levels payable to the key managerial personnel and other staff (as deemed necessary) which shall be market-related, usually consisting of a fixed and variable component;
11. Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
12. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
 - (i) The Securities and Exchange Board of India (PIT) Regulations, 2018 as amended from time to time; or
 - (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.
13. Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be complied by the Nomination and Remuneration Committee.

Definitions

"Act" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

"Board" means Board of Directors of the Company.

"Directors" mean Directors of the Company.

"Key Managerial Personnel" means

- i. the Managing Director, or Chief Executive Officer or Manager and in their absence, a whole-time director
- ii. Chief Financial Officer;
- iii. Company Secretary;
- iv. Such other Officer as may be prescribed.

"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.

Policy for Appointment and Removal of Directors, KMP's and Senior Management

1. General

- a) Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) 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 is sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Managing Director or Whole-time Director who has attained the age of seventy years and the non-executive directors who has attained the age of 75 years. Provided that the term of the person holding this position may be extended beyond the age of seventy/seventy five 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/seventy five years.

- d) A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Director of Dilip Buildcon Limited.

2. Term / Tenure

a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Managing Director or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) 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 of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. 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.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

3. Evaluation of performance

The Committee will make recommendations to the Board on appropriate performance criteria for the Directors. Also it will formulate the criteria and framework for evaluation of performance of every director on the Board of the Company, Senior Management Personnel at regular intervals (yearly).

4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, 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 and compliance of the said Act, rules and regulations.

5. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act 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.

Policy on Remuneration of Directors, KMP's and Senior Management

1. Remuneration of Managing Director/Whole-time Director, KMP and Senior Managerial Personnel

The Remuneration/ Compensation/ Commission etc. to Directors will be determined by the committee and recommended to the Board for approval.

The Remuneration/ Compensation/ Commission etc. to be paid to Director /Managing Director etc. shall be governed as per provisions of the Companies Act, 2013, rules made there under and/or any other enactment for the time being in force and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended thereof from time to time .

2. **Remuneration to Non- Executive / Independent Director:**

The Non-Executive Independent Director may receive remuneration / compensation /commission as per the provisions of Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), as amended thereof from time to time. The amount of sitting fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

3. **Remuneration to KMP (except MD/WTD) and Senior Management Personnel:**

- a) The remuneration for KMP (except WTD/MD) and Senior Management Personnel is determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity and market conditions.
- b) The various remuneration components, basic salary, allowances, perquisites etc. may be combined to ensure an appropriate and balanced remuneration package.
- c) The annual increments to the remuneration paid to KMP (except MD/WTD) and Senior Management Personnel shall be determined based on their performance as reviewed by the committee.

Duties of Committee relating to Nomination

The duties of the Committee in relation to nomination matters include:

- i. Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- ii. Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- iii. Identifying and recommending Directors who are to be put forward for retirement by rotation;
- iv. Determining the appropriate size, diversity and composition of the Board;
- v. Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- vi. Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- vii. Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- viii. Making 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 as an employee of the Company subject to the provision of the law and their service contract.
- ix. Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- x. Recommend any necessary changes to the Board; and
- xi. Considering any other matters, as may be requested by the Board.

Duties of Committee relating to Remuneration

Duties of the Committee in relation to remuneration matters include:

- i. to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- ii. to approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- iii. to delegate any of its powers to one or more of its members or the Secretary of the Committee.
- iv. to consider any other matters as may be requested by the Board.
- v. Professional indemnity and liability insurance for Directors and senior management.

Review

- i. The Nomination and Remuneration Committee or the Board may review the Policy as and when it deems necessary.
- ii. The Nomination and Remuneration Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
- ii. This Policy may be amended or substituted by the Nomination and Remuneration Committee or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.

The Policy is approved by the Board of Directors at their meeting held on March 30, 2019 and save as otherwise specifically provided in this policy, the policy shall come into force w.e.f. 01.04.2019

**By orders of the Board
For Dilip Buildcon Ltd.**

**Sd/-
Abhishek Shrivastava
Company Secretary and
Compliance Officer
Place : Bhopal**