

# CJ DARCL LOGISTICS LIMITED

**Regd. Office:** Darcl House, Plot No. 55 P, Institutional Area, Sector-44, Gurugram, Haryana

## Nomination and Remuneration Policy

This remuneration policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 ("Act") and Regulation 19(4) read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In case of any inconsistency between the provisions of law and this remuneration policy, the provisions of the law shall prevail, and the Company shall abide by the applicable law.

While formulating this Policy, the Nomination and Remuneration Committee ("NRC") and Board has considered the factors laid down under Section 178(4) of the Act, which are as under:

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to Directors, KMP 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".

### 1. DEFINITIONS

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

**1.2. Board** means Board of Directors of the Company.

**1.3. Directors** mean Directors of the Company.

**1.4. Independent Director** means a director referred to in Section 149(6) of the Companies Act, 2013.

**1.5. Key Managerial Personnel** means

- i) Chief Executive Officer or the Managing Director or the Manager;
- ii) Whole-time director;
- iii) Chief Financial Officer;
- iv) Company Secretary; and
- v) such other officer as may be prescribed.

**1.6. Policy or This Policy** means Nomination and Remuneration Policy.

**1.7. Senior Management** means Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads.

### 2. Constitution of Nomination and Remuneration Committee

The Nomination and Remuneration Committee shall be the governing body for the Nomination and Remuneration Policy of the Company

The Key Objectives/Roles of the Committee would be:

**2.1.** To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.

**2.2.** To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.

**2.3.** Formulate the criteria for determining qualifications, positive attributes and independence of a director.

**2.4.** Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.

**2.5.** To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

**2.6.** To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.

**2.7.** To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

**2.8.** To devise a policy on Board diversity.

**2.9.** To develop a succession plan for the Board and to regularly review the plan;

### **3. APPOINTMENT, REMUNERATION OF DIRECTOR, KMP AND SENIOR MANAGEMENT**

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

##### **3.1.1. Appointment criteria and qualifications**

**a)** The 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 Whole-time 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.

**d)** Following criteria are also to be considered:-

- Responsibilities and Duties
- Time and efforts devoted
- Value addition
- Profitability of the Company and growth of its business
- Analyzing each and every position and skills for fixing the remuneration yardstick.

##### **3.1.2. Term / Tenure**

**a)** Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive 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, 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.

### **3.1.3. Evaluation Mechanism & Criteria**

#### **A. Non-Independent Directors, Chairman & The Board As a Whole**

i. The Independent Directors of the Company shall hold atleast one meeting every year without the attendance of non-independent directors and members of management.

The meeting shall:

o Review the performance of non-independent directors and the Board as a whole;

o Review the performance of Chairperson of the Company, considering views of executive/ nonexecutive directors.

ii. In the meeting, the independent Directors shall focus on each non-independent director and Board's/Chairman's contribution to the Company and specific focus on areas in which the Board or certain specific non-independent director could improve.

iii. The results of this evaluation process shall determine whether the individual forming part of the Board brings the skills and expertise appropriate for the Company and how they work as a team.

#### **B. Independent Directors**

The performance evaluation of independent directors shall be done by the entire Board, excluding directors being evaluated. On the basis of performance evaluation, it shall be determined whether to extend or continue the terms of appointment of the independent directors.

#### **C. EDs**

The evaluation of EDs shall be done by the Committee on yearly basis predominantly based upon overall management performance as well as Company performance.

#### **D. KMPs/SMPs (Excluding EDs)**

i. The evaluation of the KMPs/SMPs shall be done by the EDs through the Company's internal process as per the performance appraisal cycle.

ii. At the beginning of each financial year, targets and Key Performance Indicators (KPIs) shall be fixed with mutual consent. Performance shall be assessed against KPIs as per appraisal cycle.

iii. The evaluation report of KMPs/SMPs shall be submitted with the Committee for its perusal and concluding judgment.

iv. Based on performance assessment & overall Company performance, total compensation for the next financial year shall be decided.

v. The performance of KMPs/SMPs shall be reviewed at regular interval.

### **3.1.4. Succession Planning**

The committee shall satisfy itself that processes and plans are in place for orderly succession for appointments to the Board, KMP and to Senior Management to maintain an appropriate balance of skills on the board.

### **3.1.5. 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.

### **3.1.6. 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.

## **3.2. Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel**

### **3.2.1. General:**

a) The remuneration / compensation / commission etc. to the Whole-time Director, 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.

b) The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down as per the provisions of the Companies Act, 2013.

c) Increments to the existing remuneration/ compensation structure of Whole-time Directors may be recommended by the Committee to the Board which should be within the permissible limit as prescribed under the Act within the adequate profit or specific recommendation for increase in the prescribed limit seeking Government approval post the Board and Shareholders approval, along with justification in case of inadequacy of profits.

d) Where any insurance is taken by the Company on behalf of its 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.

### **3.2.2. Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:**

a) Fixed pay:

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

b) Performance linked incentives:

The Whole-time Director/KMP and Senior Management Personnel shall be eligible for performance linked incentive as approved by the committee within the slab based on performance of the Company and the individual performance. It should be within the total limit of Remuneration as per provisions of the Act.

c) Minimum Remuneration:

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 Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

d) Provisions for excess remuneration:

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 Act 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.

### **3.2.3. Remuneration to Non- Executive / Independent Director:**

#### **a) Remuneration / Commission:**

The remuneration / commission shall be fixed as per the approval as accorded by the Board and Shareholders.

#### **b) Sitting Fees:**

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

#### **c) Commission:**

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

#### **d) Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company.

## **4. MEMBERSHIP**

**4.1** The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.

**4.2** Minimum two (2) members shall constitute a quorum for the Committee meeting.

**4.3** Membership of the Committee shall be disclosed in the Annual Report.

**4.4** Term of the Committee shall be continued unless terminated by the Board of Directors.

## **5. CHAIRPERSON**

**5.1** Chairperson of the Committee shall be an Independent Director.

**5.2** Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairperson of the Committee.

**5.3** In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

**5.4** Chairperson of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

## **6. FREQUENCY OF MEETINGS**

The meeting of the Committee shall be held at such regular intervals as may be required.

## **7. COMMITTEE MEMBERS' INTERESTS**

**7.1** A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

**7.2** The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

## **8. SECRETARY**

The Company Secretary of the Company shall act as Secretary of the Committee.

## **9. VOTING**

**9.1** Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

**9.2** In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## **10. NOMINATION DUTIES**

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

**10.1** Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;

**10.2** 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;

**10.3** Identifying and recommending Directors who are to be put forward for retirement by rotation.

**10.4** Determining the appropriate size, diversity and composition of the Board;

**10.5** Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;

**10.6** Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;

**10.6** Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;

**10.7** 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.

**10.8** Delegating any of its powers to one or more of its members or the Secretary of the Committee;

**10.9** Recommend any necessary changes to the Board; and

**10.10** Considering any other matters, as may be requested by the Board.

## **11. REMUNERATION DUTIES**

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

**11.1** 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.

**11.2** 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.

**11.3** to delegate any of its powers to one or more of its members or the Secretary of the Committee.

**11.4** to consider any other matters as may be requested by the Board.

**11.5** Professional indemnity and liability insurance for Directors and senior management.

## **12. BOARD DIVERSITY**

In order to ensure a balance composition of the Board, the Company shall consider candidates from a wide variety of backgrounds, shall not discriminate on the basis of gender, ethnicity and/or physical disability and shall ensure an appropriate mix of educational qualification, skills, competency and experience as required in the context of the business of the Company and sector for it to function effectively. The Committee shall review the composition of the Board, basis above criteria's, from time to time and report to the Board, changes required, if any, in the composition of the Board.

## **13. DISCLOSURE**

The Company shall make such disclosures on its website, Annual Report and at such other places as may be required under the Act and SEBI (Listing Obligations and Disclosure Requirements) 2015 as amended from time to time and such Acts, Rules and Regulations as may be applicable on the Company from time to time including any amendments thereto.

## **14. APPLICABILITY TO SUBSIDIARIES**

This Policy may be adopted by the Company's subsidiaries subject to suitable modifications and approval of the Board of Directors of the respective subsidiary companies.

## **15. AMENDMENT TO THE POLICY**

The policy shall be reviewed by the Nomination and Remuneration Committee and the Board from time to time as necessary and be amended if required.

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