



DUROPLY INDUSTRIES LIMITED

NOMINATION AND REMUNERATION POLICY

(As revised and approved by the Board of Directors on 03.08.2023)

Background and Objective

The Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires a listed company to adopt a policy with respect to appointment and remuneration of Directors,, Key Managerial Personnel (KMP) Senior Management and other employees.

This Nomination and Remuneration Policy (“Policy”) (earlier Remuneration Policy) encapsulates the nomination and remuneration philosophy of Duroply Industries Limited (“DIL” or “Company”) adopted by the Board of Directors.

The Board has constituted the “Nomination and Remuneration Committee” of the Board on May 26, 2014. This Policy is integral to the functioning of the Nomination and Remuneration Committee and are to be read together.

The Board has authority to reconstitute this Committee from time to time.

Definitions

- a. ‘Act’ means Companies Act, 2013 and the rules framed thereunder as amended from time to time.
- b. ‘The Board’ means Board of Directors of the Company.
- c. Independent Director’ means a director referred to in Section 149(6) of the Companies Act, 2013 and rules and Regulation 16(1)(b) of SEBI Listing Regulations.
- d. Key Managerial Personnel (KMP)’ means:
 - i. the Managing Director or the Chief Executive Officer or the Manager and Whole-time Director;
 - ii. the Company Secretary; and
 - iii. the Chief Financial Officer
- e. Senior Management shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the

Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 or SEBI Listing Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.

Policy and its implementation

Appointment of Directors, KMP and Other Senior Management personnel

Appointment of Directors and KMP and other Senior Management personnel is approved by the

Board based on the recommendations of the Nomination and Remuneration Committee, and is subject to approval of Shareholders, wherever applicable.

The Board, Nomination and Remuneration Committee is guided by its charter in appointment of Directors, KMP and Senior Management personnel and other employees. Among other things, the following criteria is to be considered:

- Qualification, expertise and experience in their respective fields such as Information Technology Business, Scientific Research & Development, International Markets, Leadership, Risk Management and Strategic Planning etc
- Personal characteristics which align with the Company's values, such as integrity, accountability, financial literacy, high performance standards, etc.
- Diversity of thought, experience, knowledge, perspective and gender in the Board.
- Such other criteria as prescribed by the Board from time to time.

In addition, the candidates identified for appointment as Directors should not be disqualified under applicable provisions of the Companies Act 2013. Candidates identified for appointment as Independent Directors should also satisfy prescribed criteria for independence under applicable provisions of Companies Act 2013 and SEBI Listing Regulations.

In case of re-appointment of Independent Directors, the Board, Nomination and Remuneration Committee takes into consideration the performance evaluation of the Independent Directors and their engagement level.

The tenure of appointment of a Managing Director, Whole-time Director and Independent Director shall be decided by the Board on the basis of the recommendations of the Nomination and Remuneration Committee and shall be as per applicable provisions of Companies Act 2013 and SEBI Listing Regulations.

Removal

Due to reasons for any disqualification mentioned in the Act and rules made thereunder or under any other applicable Act, rules and regulations, service rules or the terms and conditions of appointment, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

Retirement

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the relevant laws. The Board will have the discretion to retain the Directors, KMP and Senior Management in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company, subject to approvals as required under the relevant laws.

Remuneration for Non-Executive Directors/ Independent Directors

Levels of remuneration to directors are determined such that they attract, retain and motivate directors of the quality and ability required to run the Company successfully. With changes in the corporate governance norms, the role of the Non-Executive Directors (NEDs) and the degree and quality of their engagement with the Board and the Company has undergone significant changes over a period of time.

Under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 every company to publish its criteria of making payments to NEDs in its Annual Report. Alternatively, this may be put up on the Company's website and reference may be drawn thereto in its Annual Report. Section 197 of the Companies Act, 2013 and the Listing Regulations require the prior approval of the shareholders of a Company for making payment to its NEDs.

Further, in order to be consistent with globally accepted governance practices, the company has ushered in flexibility in respect of payment of remuneration to NEDs. It has linked the remuneration paid to NEDs to their attendance at the meetings of the Board or Committees thereof, their contributions at the meetings or otherwise, and on their position in various Committees of the Board, whether as the Chairman or Member.

All board level compensation (including to the NEDs) is approved by the shareholders and disclosed separately in the financial statements. Appropriate disclosures are also made in the Annual Report of the company. The board approves the commission paid to the directors.

In addition, the company also pays a sitting fee on a per meeting basis to the NEDs for attending the meetings of the board and other committees.

Remuneration Policy for Executive Directors

The remuneration policy for the Executive Directors has been formulated, considering the following key principles including but not limited to the basic principle to have long term relationship with the Company:

Key Principles:

- Linked to strategy: A substantial portion of the Executive Director's remuneration is linked to success in developing and implementing the Company's strategy.
- Performance related: A part of the total remuneration varies with performance, aligning with the shareholder's interest.

- Long term: The structure of remuneration is designed to reflect the long term nature of the Company and significance of the protection of interest of the shareholders.
- Fair treatment: Total overall remuneration takes account of both the external market and Company's condition to achieve a balanced "fair outcome".

Elements of the Remuneration structure of Executive Directors:

The remuneration to key managerial personnel shall include:

- Fixed Salary
- Perquisites and Allowances
- Other benefits in accordance with the market practice and industry analysis.

Annual remuneration reviews shall be based on individual performance, Company Performance, market environment and future plans.

The remuneration to any one Managing Director or Whole Time Director or Manager shall not exceed five percent of the net profits of the Company and if there is more than one such director total remuneration shall not exceed ten percent of the net profits of the Company to all such directors and Manager together. The total remuneration to its directors, including Managing

Director and Whole-time Director, and its Manager in respect of any financial year shall not exceed eleven percent of the net profits of that financial year.

In case of no profits, or inadequate profits, the Company shall pay remuneration to its Managing or Whole-time Director or Manager in accordance with the provisions of Schedule V of the Companies Act 2013.

Remuneration Policy for Key Managerial Personnel (KMP)

The remuneration to Key Managerial Personnel's of the Company i.e. Managing Director/Chief Executive Officer/ Whole Time Director, Company Secretary and Chief Financial Officer as defined under Companies Act, 2013 read with related rules issued thereon, will be fixed after taking into account educational and professional qualification, experience & expertise of the personnel and the competitive market practices.

Key Principles:

- Remuneration should be sufficient to attract, retain and motivate best non-executive talent suits to the requirement of the Company.
- Remuneration practice should be consistent with the recognized best standard practices for Key Managerial Personnel's.

Elements of the Remuneration structure of KMP's:

The remuneration to key managerial personnel shall include:

- Fixed salary
- Perquisites and Allowances
- Other benefits in accordance with the market practice

Annual remuneration reviews shall be based on individual performance, Company Performance, market environment and future plans.

Remuneration Policy for Senior Management Personnel and other Executives:

The remuneration to Senior Management personnel shall be fixed considering internal, external and individual equity; and also procedural equity.

- Remuneration to Senior Management Personnel shall include –
- Fixed Salary
- Perquisites and Allowances
- Other benefits in accordance with the market practice

Annual remuneration reviews shall be based on individual performance, Company Performance, market environment and future plans.

Disclosures

Necessary disclosures regarding appointment, remuneration and resignation of Directors, KMP and Senior Management personnel shall be made as per requirements of Companies Act, 2013 and SEBI Listing Regulations.

Review of Policy

The Board of Directors may review the Policy from time to time and recommend necessary changes to the Board for approval, due to change in applicable laws or otherwise as may be required.