

NOMINATION AND REMUNERATION POLICY

INTRODUCTION:

The Policy is formulated in compliance with the provisions of Section 178 of the Companies Act, 2013.

DEFINITIONS:

- (i) **“Act”** means the Companies Act 2013 as may be amended from time to time.
- (ii) **“Board”** means Board of Directors of the Company.
- (iii) **“Company”** means Delhi Duty Free Services Private Limited.
- (iv) **“Independent Director”** means a Director referred to in Section 149(6) of the Companies Act, 2013.
- (v) **“Key Managerial Personnel (KMP)”** means
 - (a) Chief Executive Officer or the Managing Director or the Manager.
 - (b) Company Secretary
 - (c) Whole Time Director
 - (d) Chief Financial Officer
 - (e) Such other office as may be prescribed.
- (vi) **“Nomination and Remuneration Committee”** shall mean a Committee of Board of Directors of the Company constituted in accordance with the provisions of Section 178 of the Companies Act, 2013.
- (vii) **“Policy”** means Nomination and Remuneration Policy.
- (viii) **“Remuneration”** means any money or its equivalent given or passed to any person for services rendered by him and includes the perquisites as defined under the Income Tax Act.
- (ix) **“Senior Management”** means personnel of the Company who are the members of its core management excluding the Board of Directors. This would include all members of the management one level below the executive Directors, including all the functional heads.

INTERPRETATION:

Words and expression used in this Policy and not defined herein but defined under the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

GUIDING PRINCIPLES:

The Policy ensures that:

- 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.
- Relationship of Remuneration to the performance is clear and meet appropriate performance benchmarks and
- Remuneration to the Directors, KMP and Senior Management involves a balance between the fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

ROLE OF THE COMMITTEE:

- a) To formulate a criteria for determining the qualifications, positive attributes and independence of Director.
- b) To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this Policy.

- c) To carry out evaluation of every Director's performance.
- d) To recommend to the Board on the appointment and removal of Directors and Senior Management.
- e) To recommend to the Board policy relating to the remuneration for Directors, KMP and Senior Management.
- f) To devise a policy on Board diversity.
- g) To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable.
- h) To perform such other functions as may be necessary or appropriate for the performance of its duties.

CONSTITUTION OF THE COMMITTEE:

- a) At present the Committee comprises of three (3) non-executive Directors. However the Board has the power to reconstitute the Committee in order to make it consistent with the provisions of the Act which states that atleast one-half of the Directors in the Committee shall be Independent Directors.
- b) Minimum two members shall constitute a quorum for the Committee meeting.
- c) Membership of the Committee shall be disclosed in the Annual Report.
- d) Terms of the Committee shall be continued unless terminated by the Board.

CHAIRMAN OF THE COMMITTEE:

- a) The members of the Committee present at the meeting shall elect one amongst them to act as Chairman.
- b) The Committee may nominate any of the members to be present at the Annual General Meeting to answer the shareholder's queries.

FREQUENCY OF THE COMMITTEE MEETINGS:

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

INTERESTED MEMBERS':

- a) 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.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

VOTING:

- a) 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.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

APPOINTMENT, EVALUATION, REMOVAL AND RETIREMENT OF DIRECTOR, KMP AND SENIOR MANAGEMENT:

Appointment Criteria:

- a) The Director, Independent Director, KMP, Senior Management shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made

thereunder or any other enactment for the time being in force read with the HR Policy of the Company.

- b) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Independent Director, KMP or at Senior Management level and recommend to the Board his/her appointment.
- c) 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 the experience possessed by a person are sufficient/ satisfactory for the concerned position.
- d) The Company shall not appoint or continue the employment of any person as Managing Director/ Whole time Director/Manager who attained the age of 70 years. Provided that the term of the person holding this position may be extended beyond the age of 70 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 70 years.

Term/Tenure:

- a) The Company shall appoint or reappoint any person as its Managing Director/Whole time Director/Manager for a term not exceeding 5 years at a time. No re-appointment shall be made earlier than 1 year before the expiry of the term.
- b) An Independent Director shall hold office for a term up to 5 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.
- c) No Independent Director shall hold office for more than 2 consecutive terms, but such Independent Director shall be eligible for appointment after the expiry of 3 years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of 3 years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- d) At the time of appointment of Independent Director it should be ensured that the number of Boards on which such Independent Director serves is restricted to 7 listed companies as an Independent Director and 3 listed companies as an Independent Director in case such person is serving as a whole time Director of a listed company.

Evaluation:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management at regular intervals as per the provisions of the Act and/or any other enactment for the time being in force.

Removal:

Due to the reasons for any disqualification mentioned in the Act, rules made thereunder or under any applicable laws, rules and regulations, 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, laws, rules and regulations.

Retirement:

The Director, KMP and Senior Management 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 in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSONNEL, KMP AND SENIOR MANAGEMENT:

General:

1. The remuneration/compensation/commission etc. to the Managerial Personnel, 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.
2. The remuneration and commission to be paid to Managerial Personnel shall be as per the statutory provisions of the Act, rules made thereunder for the time being in force and the HR Policy of the Company.
3. Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board.
4. Where any insurance is taken by the Company on behalf of its Managerial Personnel, KMP 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 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.

Remuneration to Managerial Person, KMP and Senior Management:

Fixed Pay:

Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Act and the rules made thereunder for the time being in force. The break-up of the pay scale and quantum of perquisites including employer's contribution to provident fund, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and the Central Government when required.

Minimum Remuneration:

If in any financial year the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the prior approval of the Central Government.

Provisions for excess remuneration:

If any Managerial Person 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.

Sitting Fees:

The non-executive/Independent Director may receive remuneration by way of sitting fees for attending meetings of the Board or Committee thereof. Provided that the amount of such fees shall be subject to ceiling/limits as provided under the Act and rules made thereunder or any other enactment for the time being in force.

Limit of Remuneration/Commission:

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

Stock Options:

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

MINUTES OF THE COMMITTEE MEETINGS:

Proceedings of all meetings must be minuted and signed by the Chairman of the said meeting or Chairman of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting.

AMENDMENT:

Any amendment or modification in the statutory provisions relating to the Committee shall automatically be made applicable to the Company.