

# NOMINATION AND REMUNERATION POLICY

## 1. Introduction

The Nomination & Remuneration Policy (“**Policy**”) of Dhanuka Agritech Limited (“**Dhanuka**” or “**Company**”) is formulated under the requirements of applicable laws, including the Companies Act, 2013 and SEBI (LODR) Regulation, 2015 as amended from time to time with prior recommendation of Nomination and Remuneration Committee and approved by Board of Directors of the Company.

The Policy is intended to set out criteria to pay equitable remuneration to the Directors, Key Managerial Personnel (KMP), Senior Management (as defined below) and other employees of the Company and to harmonize the aspirations of human resources with the goals of the Company.

## 2. Objective and Purpose

The objectives and purpose of this Policy are:

- i. To formulate the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a Director (Executive/Non-Executive including Independent Director) of the Company (“**Director**”); and
- ii. To recommend policy relating to the remuneration of the Directors, KMP and Senior Management to the Board of Directors of the Company (“**Board**”).

This includes reviewing and approving corporate goals and objectives relevant to the compensation of the executive Directors, evaluating their performance in light of those goals and objectives and either as a Committee or together with the other Independent Directors (as directed by the Board), determine and approve Executive Directors’ compensation based on this evaluation; making recommendations to the Board with respect to KMP and Senior Management compensation subject to the approval of Board.

## 3. Definitions

- a. ‘**Board**’ means the Board of Directors of the Company.
- b. ‘**Directors**’ means a person as defined in section 2(34) of Companies Act, 2013 and presently appointed as Directors of the Company.
- c. ‘**Committee**’ means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable SEBI Regulations.
- d. ‘**Company**’ means Dhanuka Agritech Limited.
- e. ‘**Independent Director**’ means a Director referred to in Section 149(6) of the Companies Act, 2013 and Reg 16(1) (b) of SEBI (LODR), 2015.

f. **'Key Managerial Personnel (KMP)'** means-

- a) the Managing Director or Chief Executive Officer or manager
  - b) Chief Financial Officer
  - c) the Company Secretary
  - d) such other officer, not more than one level below the Directors who is in whole-time employment, designated as Key Managerial Personnel by the Board; and
  - e) Any other person as defined under the Companies Act, 2013 from time to time
- f. **'Senior Management'** shall mean officers/personnel of the Company 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 Executive Directors, including Chief Executive Officer/Managing Director/Whole-time Director, all employees at the level of President and above, Company Secretary and Chief Financial Officer.

#### **4. Role of Committee**

The role of the Committee inter alia will be the following:

- a) Shall identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.
- b) Shall formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- c) Formulation of criteria for evaluation of Independent Directors and the Board.
- d) Devising a Policy on Board diversity.
- e) Shall evaluate 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.
- f) Review and re-assess the adequacy of this charter periodically and recommend any proposed changes to the Board for approval from time to time.
- g) Any other matter, as may be required by the Companies Act, 2013, Companies (Meetings of Board and its Powers) Rules, 2014, Listing Agreements with Stock exchanges, any other law for the time being in force or as directed by the Board of Directors.
- h) To recommend to the board, all remuneration, in whatever form, payable to senior management.

## **5. Membership**

- a) The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- b) Minimum two (2) members shall constitute a quorum for the Committee meeting.
- c) Membership of the Committee shall be disclosed in the Annual Report.
- d) Term of the Committee shall be continued unless terminated by the Board of Directors.

## **6. Chairman**

- a) Chairman of the Committee shall be an Independent Director.
- b) Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d) Chairman 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.

## **7. Frequency of Meetings**

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

## **8. Committee Members' Interests**

- 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.

## **9. Secretary**

- a) The Company Secretary of the Company shall act as Secretary of the Committee.

## **10. 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

## **11. General**

This Policy is divided in four parts: -

**Part – A** covers the matters to be dealt with and recommended by the Committee to the Board;

**Part – B** covers the appointment and removal of Directors, KMP and Senior Management;

**Part – C** covers remuneration for Directors, KMP and Senior Management; and

**Part –D** covers Succession Planning for appointment of Directors, KMP and Senior Management

## Part – A

### **Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee**

- i) formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel, Senior Management Personnel of the Company;
- ii) formulate the criteria for evaluation of the performance of Independent Directors and the Board of Directors;
- iii) devising a policy on diversity of the Board of Directors;
- iv) identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal;
- v) 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; and
- vi) recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

## **PART – B**

### **The matter related to the appointment and removal of Directors, KMP and Senior Management**

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person identified for appointment as Director, KMP or Senior Management and recommend to the Board his/her appointment.
2. A person to be appointed as Director, KMP or Senior Management should possess the adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has the discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the position.
3. The Company shall not appoint or continue the employment of any person as Managing Director, Whole Time Director who has attained the age of Seventy years.

Provided that the term of the person holding this position may be extended at the discretion of the Committee 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 the extension of appointment beyond seventy years.

4. 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 Directors of the Company.

#### **(b) Term / Tenure**

##### **1. Managing Director / Whole-time Director**

The Company shall appoint or re-appoint any person as its Managing Director and CEO 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 the term.

##### **2. 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.

**(c) Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, Rules made thereunder or under any other applicable Act, 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, Rules and Regulations.

**(d) Retirement**

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing Policy of the Company. 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.

## PART – C

### **Policy relating to the remuneration for Directors, KMP and Senior Management Personnel**

#### **I) General**

The objective of the Company's Remuneration Policy is to ensure that all the employees, including Executive Directors and Key Managerial Personnel are sufficiently incentivised for enhanced performance. The Nomination and Remuneration Committee takes into account various factors to determine this Policy and to amend it from time to time. The Policy ensures that due regard is given to the Company's financials and interests of shareholders. It ensures that levels of remuneration are sufficient to attract and retain exceptional employees who can take this Company forward.

Within the terms of agreed Policy, the Company determines the entire individual remuneration package for all its employees. The Company provides due weightage to the corporate and individual performance while deciding on the remuneration package of all employees.

Company follows geography wise approach in determining the remuneration of all employees. Due weightage is given to relevant experience, educational and professional qualifications. Both variable and fixed components of the remuneration packages are set as per the market practices followed in India and our industry. Total remuneration will comprise:–

- a) Base Salary to perform day to day operations.
- b) Variable pay payable to Sales team on achievement of prescribed growth over the last year turnover on Speciality and Lifeline products.
- c) Sales Incentives payable to Sales team as per the incentive Policy of the Company devised to motivate its sales employees to "Sell More, Earn More".
- d) A performance linked incentive for non-sales team based on the corporate performance, departmental achievements and individual contribution.
- e) Relevant long term employee benefits – Provident Fund, Gratuity, and Superannuation etc. are paid in accordance with the applicable laws.
- f) Commissions and Perquisites are provided to Executive Directors and Senior Executives as per the market practices.
- g) Business tools like car/driver/laptops/phones, etc. are provided, as per Company Policy.

#### **II) Minimum remuneration to Whole-time Directors**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.



### III) Provisions for excess remuneration

If any Executive 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 approval required under the Act, he/ she shall refund such sums to the Company as prescribed under the Act 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 approved by the shareholder as prescribed under the Act.

### IV) Remuneration to Non-Executive / Independent Directors

- i. **Remuneration:** The remuneration payable to each Non-Executive Director is based on the remuneration structure as determined by the Board, and is revised from time to time, depending on individual contribution, the Company's performance, and the provisions of the Companies Act, 2013 and the Rules made thereunder and Listing Regulations.
- ii. **Sitting Fees:** The Non-Executive/ Independent Director may receive 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.
- iii. **Commission:** The 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 and as per the criteria approved by the Board from time to time.

The Board of Directors will fix the Commission payable to Directors on the basis of the number of Board/Committee meetings attended during the year, Chairmanships of Committees and based on contribution and participation of Directors of the Company and their involvement in Company's strategic matters.

## **PART – D**

### **Succession planning for appointment of Directors, and KMP's**

Pursuant to Regulation 17(4) of the Listing Regulations, the Board is required to ensure that plans are in place for orderly succession for the Board.

Accordingly, the NRC has formulated the following criteria and related procedures:

Succession plan for the Board and KMPs

- 5.1 The N R C shall identify suitable persons based on the criteria of the Company and the vacancy that has arisen, for the position of Director, Independent Director and/ or KMP.
- 5.2 NRC shall apply a due diligence process to determine the suitability of every person who is being considered for being appointed or re- appointed as a Director, Independent Director and/ or KMP based on their educational qualifications, relevant experience and track record, and any other criteria, as necessary under the internal policies of the Company, the Act and the Listing Regulations. All appointments or re- appointments of persons falling within the applicability of this Policy shall be subject to prior recommendation by NRC.
- 5.3 The appointment, re-appointment or removal of the person at the Board and KMP level shall be recommended by NRC and approved by the Board.

## **12. Board Diversity**

The Board shall have an optimum composition of Directors related to gender, age, and expertise from different fields i.e Finance, Law, Management, Sales, Marketing or any other areas related to the Company's business. The balance of Skills and experience along with the diversity of thought, knowledge and perspective and gender will help the Company in the attainment of its objectives.

## **13. Review and Amendment**

**(a)** This Policy is framed based on the provisions of the Companies Act, 2013 and Rules thereunder.

**(b)** In case of any subsequent changes in the provisions of the Companies Act, 2013 which makes any of the provisions in the policy inconsistent with the Act, then the provisions of the Act would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with the law.

**(c)** This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in Regulations or as may be felt appropriate by the Committee. Any changes or modifications to the policy as recommended by the Committee would be placed before the Board of Directors for their approval.

*\*the aforesaid revised NRC Policy has been reviewed and approved by Nomination & Remuneration Committee in their meeting held on Feb 02, 2021 and which was further approved by Board of Directors of the Company in their meeting held on Feb 02, 2021.*

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