

# DHANADA CORPORATION LIMITED

## NOMINATION AND REMUNERATION POLICY

This Policy on nomination and remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and other employees is framed in compliance with Section 178 of the Companies Act, 2013 read with rules made there under and Clause 49 of the Listing Agreement.

This policy has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors. This policy shall be operational with immediate effect.

### **Definitions:**

- **“Company”** means Dhanada Corporation Limited.
- **“Board of Directors” or “Board”** means the Board of Directors of Dhanada Corporation Limited, as constituted from time to time.
- **“Directors”** means Directors of the Company.
- **“Committee”** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.
- **“Independent Director”** means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.
- **“Key Managerial Personnel” (KMP)** means
  - (i) the Chief Executive Officer or the managing director or the manager;
  - (ii) the Company Secretary;
  - (iii) the Whole-Time Director;
  - (iv) the Chief Financial Officer; and
  - (v) such other officer as may be prescribed
- **“Senior Management Personnel”** means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

### **Objectives of the Nomination and Remuneration Committee:**

The Committee shall:

- 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 of Directors, key managerial personnel, senior management personnel and other employees.
- ii. Formulate the criteria for performance evaluation of Independent Director and the Board.
- iii. Devise a policy on Board diversity.
- iv. 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.
- v. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

- vi. Determine the composition and level of remuneration, including reward linked with the performance, which is reasonable and sufficient to attract, retain and motivate Directors, KMP, Senior Management Personnel and other employees to work towards the long term growth and success of the Company.

**Nomination and Remuneration Committee:**

The Board has the power to constitute / reconstitute the Committee from time to time in order to make it consistent with the Company's policy and applicable statutory requirement.

**Applicability:**

This policy is applicable to:

1. Directors viz. Executive, Non-executive and Independent
2. Key Managerial Personnel
3. Senior Management Personnel
4. Other employees of the Company

**Criteria for determining Qualifications, Positive Attributes and Independence of Director:**

**a. Qualifications of Independent Directors**

An Independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related and beneficial to the Company's business.

**b. Positive attributes of Independent Directors**

An independent director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the Company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the Company in implementing the best corporate governance practices.

**c. Independence of Independent Directors**

An Independent director should meet the requirements of the Companies Act, 2013 and Clause 49 of the Listing Agreement concerning independence of directors.

**General Appointment Criteria:**

The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.

The Committee should ensure that the person recommended for appointment as Director, KMP or Senior Management Personnel is not disqualified under the Companies Act, 2013, rules made there under, Listing Agreement or any other enactment for the time being in force.

The appointment of other employees of the Company shall be done by the Human Resource department of the Company considering the qualification and experience required for the post.

**Term / Tenure:**

The Term / Tenure of the Managing Director / Whole – time Director / Independent Director shall be governed as per provisions of the Companies Act, 2013 and rules made there under and Listing Agreement as amended from time to time.

The Term / Tenure of the other Directors, KMP, Senior Management Personnel and other employees shall be governed by the prevailing policy of the Company.

**Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable Act, rules and regulations or any other reasonable ground, the Committee may recommend to the Board for removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

**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 or otherwise even after attaining the retirement age, for the benefit of the Company.

**Criteria for Evaluation of Independent Directors, the Board, KMP, Senior Management Personnel and other employees:**

**a. Executive Directors**

The Executive Directors shall be evaluated on the basis of targets / criteria given to executive Directors by the Board from time to time.

**b. Non Executive Non – Independent Directors**

The Independent Directors shall at its separate meeting review performance of non – independent directors and the Board as a whole.

**c. Non Executive Independent Directors**

The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

**d. Key Managerial Personnel and Senior Management Personnel**

The evaluation of performance of Key Managerial Personnel and Senior Management Personnel shall be carried out by the entire Board on yearly basis.

**e. Other employees**

The evaluation of the performance of the other employees shall be carried out by the Human Resource Department of the Company.

**Policy on Board diversity:**

The Board of Directors shall have the optimum combination of Directors from the different areas / fields like Finance, Law, Management etc. and other discipline related and beneficial to the Company's operations.

**Remuneration Policy:**

The remuneration / compensation / commission etc. to be paid to the Managing Director, Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for their 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.

The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel and Senior Management of the quality required to run the Company successfully. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve 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. Director / Managing Director**

Besides the above Criteria, the remuneration / compensation / commission etc. to be paid to Director / Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

**2. Non executive / Independent Directors**

The Non – Executive / Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of such 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.

The Non – Executive / Independent Director may receive commission on net profits as permissible under Section 197 of the Companies Act, 2013 and decided by the Board from time to time to be payable to any of the Non-executive Director.

The Non – Executive / Independent Director is entitled to be paid all traveling and other expenses they incur for attending to the Company's affairs, including attending and returning from General Meetings of the Company or Meetings of the Board of Directors or Committee of Directors.

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

**3. KMPs / Senior Management Personnel / other employees**

The Remuneration to be paid to KMPs / Senior Management Personnel / other employees shall be based on the experience, qualification and expertise of the related personnel and governed by the limits, if any prescribed under the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

**4. Directors and Officers' Insurance**

Where any insurance is taken by the Company on behalf of its Directors, KMPs / Senior Management Personnel etc. 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.

**Amendments:**

The Board shall have the power, on its own and / or on recommendation of the Committee, to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

**Disclosures:**

The Policy shall be posted on the website of the Company at [www.dhanadacorp.com](http://www.dhanadacorp.com) and disclosed in the Annual Report of the Company.