

DHAMPUR SUGAR MILLS LIMITED

NOMINATION AND REMUNERATION POLICY:

PREAMBLE:

Pursuant to Section 178 of the Companies Act, 2013 and **Regulation 19 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, read with Part D of Schedule II of Listing Regulations** the Nomination and Remuneration Committee has been constituted comprising of Non-Executive Independent Directors namely Shri. M.P. Mehrotra, Chairman, Shri A.K. Gupta, Shri Priya Brat and Shri Harish Saluja, as members as required under Listing Regulations. This Committee and the Policy has been revised and modified in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 of SEBI (LODR) Regulations, 2015.

ROLE OF NOMINATION AND REMUNERATION COMMITTEE:

- i. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
- ii. Formulate the criteria for evaluation of Performance of Board, its Committees, and Individual Directors.
- iii. Devising a policy on Board diversity;
- 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.
- vi. Recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

APPLICABILITY:

This policy is applicable to:

- i. Directors (Executive and Non-Executive)
- ii. Key Managerial Personnel (KMP)
- iii. Senior Management and
- iv. Other Employees

DEFINITIONS:

"Key Managerial Personnel" (KMP), means—

- i. The Chief Executive Officer and or Managing Director;
- ii. The Whole-Time Director;
- iii. The Chief Financial Officer;
- iv. The Company Secretary;
- v. 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
- vi. Such other officer as may be prescribed

Senior Management means the personnel of the Company who are members of its core management team excluding Board of Directors and comprising all members of management one level below Chief Executive Officer/Managing Director/Whole Time Director including Presidents, Vice Presidents and Unit Heads.

OBJECTIVE:

The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour.

This policy of Dhampur Sugar Mills Limited (DSML) shall be known as '**NOMINATION AND REMUNERATION POLICY**'.

The objective of this policy is to lay down a framework in relation to remuneration of Directors, KMP and Senior Management and in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto:

- i. To identify the 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.
- ii. To 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 and Senior Management Personnel's of DSML.
- iii. To formulate the criteria for evaluation of Performance of Board, its Committees, and Individual Directors;
- iv. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board and to determine 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.
- v. To recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- vi. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- vii. To develop a succession plan for the Board and to regularly review the plan.
- viii. To implement and monitor policies and processes regarding principles of corporate governance.

- ix. To ensure the policy includes the following guiding principles:
 - 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, Key Managerial Personnel 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.

APPOINTMENT CRITERIA AND QUALIFICATIONS:

- i. 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.
- ii. 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 are sufficient/satisfactory for the concerned position.
- iii. 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 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.

TERM/TENURE:

i. Chairman/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 either than one year before the expiry of term.

ii. 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 of up to maximum of 5 years each, 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.

EVALUATION:

The Committee shall carry out evaluation of performance of Board, its committees, and Individual Directors;

REMOVAL:

Due to reasons for any disqualifications 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 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 Act and the prevailing policy of the Company. The Board will have the discretion in 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.

POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT:**i. Remuneration to Managing Director/ Whole Time Director/Executive Director, KMP and Senior Management:**

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.

ii. Remuneration to Non- Executive/Independent Director:

The Non- Executive Independent Director may receive remuneration/compensation/commission as per the provisions of the Companies Act, 2013. The amount of sitting fees shall be subject to limits as provided under the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

iii. Remuneration to other Employees:

- Apart from the Directors, KMPs and Senior Management, the remuneration for rest of the employees is determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity and market conditions.
- The various remuneration components, basic salary, allowances, perquisites etc. may be combined to ensure an appropriate and balanced remuneration package.
- The annual increments to the remuneration paid to the employees shall be determined based on the appraisal carried out by the Head of Departments(HOD's) of various departments. Decisions on Annual Increments shall be made on the basis of this appraisal.

POLICY ON BOARD DIVERSITY:

The Board of Directors shall have the optimum combination of Directors from the different areas / fields like production, Management, Quality Assurance, Finance, Sales and Marketing, Supply chain, Research and Development , Human Resources etc. or as may be considered appropriate.

REVIEW AND AMENDMENT:

- i. The Board or the Nomination and Remuneration Committee of the board may review the policy as and when it deems necessary. The right to interpret/amend/modify this policy vests in the Board of Directors of the Company.
- ii. This policy may be amended or substituted by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the Policy. However, no such amendment or modification will be binding on the Directors and employees unless the same is communicated in the manner described as above.
- iii. This policy as amended from time to time shall be made available on the website of the Company.