

### Preamble

Section 178 of the Companies Act, 2013 requires certain other class of Companies to adopt a policy relating to the remuneration of the Directors, Key Managerial Personnel and other senior management employees. The Nomination and Remuneration Committee set up, pursuant to above Section is to formulate the criteria for determining qualifications and attributes and independence of a Director and recommend to the Board the above Policy for adoption.

In compliance of the above requirements the Board of Directors of Luxmi Tea Company Limited ('Company') has adopted this Policy.

### Policy Objectives

The aims and objectives of the Policy may be summarised as under:-

- to enable the company to attract, retain and motivate Members for the Board and Executive level.
- to enable the Company to provide a well-balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations.
- to ensure that the interests of the Board Members and Executives are aligned with the business strategy and risk tolerance and long-term interests of the Company and will be consistent with the "pay-for-performance" principle.

### Principles of Remuneration

- I. **Transparency:** The process of remuneration management shall be transparent, unbiased and impartial and conducted in good faith and in accordance with appropriate levels of confidentiality.
- II. **Performance Driven Remuneration:** The Company should follow the culture of performance driven remuneration by way of implementation of performance incentive system and annual assessment.
- III. **Affordability and Sustainability:** The Company shall ensure that the remuneration at various levels is affordable and is capable of being sustained.
- IV. **Flexibility:** While the remuneration packages at various levels should be standardized, there should be enough scope to make it flexible with a view to reward candidates with exceptional qualities and competence.
- V. **Internal Equity:** The Company shall strive to remunerate the Board Members and other Executives in terms of their roles and responsibilities undertaken within the Organisation. Their contribution and value addition for the growth of the Company shall be counted while fixing their remuneration and subsequent promotion or re-appointment.

### Remuneration for Directors in Whole-time Employment

- The Board of Directors subject to the approval of the Shareholders at a General Meeting approves the remuneration payable to the Whole-time Directors and Managing Director ('Executive Directors') based on the recommendation of the Nomination and Remuneration Committee.

- Executive Directors' remuneration is reviewed periodically against performance, keeping in view the size and complexity of business and challenges encountered during the period under review.
- The Executive Directors will not be entitled to any fee for attending the Meetings of the Board of Directors and Committees thereof.
- 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.

### **Remuneration of Non- Executive Directors**

The Non-Executive Directors shall be paid Sitting Fees for attending the Board and Committee Meetings as may be approved by the Board subject to the ceiling fixed under the Companies Act, 2013. They will also be reimbursed travelling and out of pocket expenses on actual basis for attending the meetings.

### **Selection of Board Members**

The Board on the recommendation of the Committee, decides on the selection of the candidate for appointment. While considering nomination of candidates for appointment on the Board, the Nomination and Remuneration Committee will consider candidates inter alia from the following categories to ensure Board diversity: a. Promoters b. Independent Directors and c. Professionals.

In evaluating the suitability of individual Board members, the Committee may take into account factors, such as General understanding of the Company's business dynamics, global business and social perspective; Educational and professional background; Standing in the profession; integrity and values.

### **Criteria of Independence**

The Committee shall assess the independence of Directors at the time of appointment / re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director. The assessment shall be in terms of the provisions in the Companies Act, 2013 and the rules made there under

### **Role of Nomination and Remuneration Committee**

The role and responsibilities of the Nomination and Remuneration Committee shall be as prescribed in Section 178 of the Companies Act, 2013.