

## Nomination and Remuneration Policy

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*LT Foods Ltd.*

## 1. PREAMBLE

The Nomination and Remuneration Policy of LT Foods Ltd. (the “Company”) is designed to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and superannuation benefits. The policy reflects the Company's objectives for good corporate governance as well as sustained long term value creation for shareholders.

This Remuneration Policy applies to Directors, Senior Management including its Key Managerial Personnel (KMP) and other employees of the Company.

## 2. OBJECTIVES

The Nomination and Remuneration Committee and this Policy is in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement.

The Key Objectives of the Committee are:

- a. To guide the Board in relation to the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- c. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

## 3. DEFINITION

- a. **Act**: The Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- b. **Board**: Board of Directors of the Company.
- c. **Directors**: Directors of the Company.

- d. **Independent Director:** Independent Director of the Company appointed in pursuance of the Companies Act and Listing Agreement with stock exchanges.
- e. **Key Managerial Personnel:**
  - i. Managing Director;
  - ii. Whole-time Director;
  - iii. Chief Executive Officer;
  - iv. Chief Financial Officer;
  - v. Company Secretary; and
  - vi. Such other officer as may be prescribed.
- f. **Senior Management:** Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads
- g. **Nomination & Remuneration Committee:** Committee of the Board, constituted, in accordance with provisions of Section 178 of the Act and Listing Agreement with stock exchanges
- h. **Employees Stock Option:** The option given to the **Directors**, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such **Directors**, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price
- i. **Rules:** Rules framed under the Act
- j. **Remuneration:** Any money or its equivalent given or passed on to any person for services rendered which included perquisites and other benefits.

#### 4. ROLE OF COMMITTEE

The role of the Committee are following:

- a. To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- b. To recommend to the Board, the appointment and removal of Senior Management

- c. To carry out evaluation of Director's performance and recommend to the Board appointment/ removal based on his/ her performance.
- d. To recommend to the Board on (i) policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management and (ii) Executive Directors' remuneration and incentive.
- e. To make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- f. Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks,
- g. To devise a policy on Board diversity;
- h. To develop a succession plan for the Board with segregated succession readiness of the management council and executive directors into 3 types - 1-3 years; 3-5 years; and, over 5 years and review it at least twice a year;

## **5. MEMBERSHIP**

- a. The Committee consists of a minimum 3 Directors, majority of them being independent.
- b. Minimum two (2) members constitutes a quorum for the Committee meeting.
- c. Membership of the Committee is disclosed in the Annual Report.
- d. Term of the Committee is continued unless terminated by the Board of Directors.

## **6. TERMS/TENURE**

- a. Managing Director/Whole-time Director:

The Company appoints 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 is made earlier than one year before the expiry of term.

- b. Independent Director:

An Independent Director holds the office for a term up to five consecutive years on the Board of the Company and is 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 holds office for more than two consecutive terms, but such Independent Director is eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director is not, during the said period of three years, appointed in or associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he/ she is eligible for appointment for one more term of 5 years only.

At the time of appointment of Independent Director it is ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

## **7. CHAIRPERSON**

- a. Chairman of the Committee is 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, choose another independent Director amongst them to act as Chairman.
- d. Chairman of the Nomination and Remuneration Committee meeting is entitled to be present at the Annual General Meeting, but if not, may nominate some other member to answer the shareholders' queries.

## **8. FREQUENCY OF MEETING**

The Committee is entitled to meet at least twice a year.

## **9. COMMITTEE MEMBER INTEREST**

- 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.

## **10. SECRETARY**

The Company Secretary of the Company acts as Secretary of the Committee.

## **11. VOTING**

Matters arising for determination at Committee meetings are 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.

In the case of equality of votes, the Chairman of the meeting has a casting vote.

## **12. NOMINATION DUTIES**

The duties of the Committee in relation to nomination matters include:

- a. Ensuring that there is an appropriate induction & training program in place for new Directors and members of Senior Management and reviewing its effectiveness;
- b. Ensuring that on appointment to the Board, Independent Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Companies Act, 2013;
- c. Identifying and recommending Directors who are to be put forward for retirement by rotation.
- d. Determining the appropriate size, diversity and composition of the Board;
- e. Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- f. Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective through independent party;

- g. Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- h. Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- i. Recommend any necessary changes to the Board.
- j. Considering any other matters as may be requested by the Board;

### **13. REMUNERATION STRUCTURE AND COMPONENTS**

#### **Managing Director and whole time Director**

Fixed and variable components of remuneration are paid to Managing Director and whole time Director, subject to provisions of the Act, rules and regulations and Listing Agreement with stock exchanges.

#### **Non- executive Directors**

Non-executive Directors are paid sitting fees for the meetings of the Board and Committees thereof, subject to adequacy of profits and with approval of shareholders , the Company may pay commission to non- executive Directors, provided it is approved by Nomination and Remuneration Committee.

#### **Other Key Management Personnel/ Senior Management and Employees**

Remuneration components are combined to ensure an appropriate and balanced remuneration package depending upon level of employee, job profile, performance, future potential, etc.

### **14. REMUNERATION DUTIES**

The duties of the Committee in relation to remuneration matters include:

- a. To consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and

motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.

- b. To approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- c. To delegate any of its powers to one or more of its members or the Secretary of the Committee to consider any other matters as may be requested by the Board;
- d. Professional indemnity and liability insurance for Directors and senior management.

#### **15. MINUTES OF COMMITTEE MEETING**

Proceedings of all meetings are recorded in the minutes and are signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings are tabled at the following Board and Committee meeting.