



NOMINATION AND REMUNERATION POLICY – L S MILLS LIMITED

I. PREAMBLE

This Policy on Nomination and Remuneration of Directors, Key Managerial Personnel & Senior Management is formulated by the 'Nomination and Remuneration Committee' as per Section 178 of the Companies Act, 2013.

II. OBJECTIVE

The Key Objectives of the Committee would be:

- a) To guide the Board in relation to 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.
- c) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

III. DEFINITIONS

"Company" means **"L S Mills Limited."**

"Act" means the Companies Act, 2013.

"Key Managerial Personnel" (KMP) means

- (i) Chief Executive Officer or the Managing Director or the Manager,
- (ii) Company Secretary,
- (iii) Whole-time Director,
- (iv) Chief Financial Officer and
- (v) such other officer as may be prescribed.

"Nomination and Remuneration Committee" shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act, and the Listing Agreement.

"Policy or This Policy" means, "Nomination and Remuneration Policy." **L S MILLS LIMITED – Nomination and Remuneration Policy**

"Senior Management" mean Personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of Management one level below the Executive Directors, including all the functional heads.

"Remuneration" means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

IV. INTREPRETATION

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Act, as amended from time to time.



V. GUIDING PRINCIPLES

The Policy ensures that:

- 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
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- Remuneration to Directors, KMP 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.

VI. ROLE OF THE COMMITTEE

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

- a) To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- b) Formulate criteria for evaluation of Independent Directors and the Board.
- c) Identify persons who are qualified to become Directors and who may be appointed in Senior Management as per the criteria laid down in this policy.
- d) To carry out evaluation of every Director's performance.
- e) To recommend to the Board the appointment and removal of Directors and Senior Management.
- f) To recommend to the Board Policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- g) Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- h) To devise a policy on Board diversity.
- i) To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- j) To perform such other functions as may be necessary or appropriate for the performance of its duties.

VII. CONSTITUTION & ADMINISTRATION OF COMMITTEE

The Constitution, Administration and Governing principles of the Committee are in pursuance of the Act.

VIII. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

• Appointment criteria and qualifications:

1. 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 such appointment.



2. A person should possess adequate qualification, expertise and experience for the position he is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the position.

3. The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager who has attained the age of seventy years. Provided that 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 indicating the justification for extension of appointment beyond seventy years.

IX. AGE LIMITS/ TERM / TENURE:

Age The Age Limits / Term / Tenure of the Directors shall be governed as per provisions of the Act and rules made thereunder as amended from time to time.

X. EVALUATION:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management at regular intervals (yearly).

XI. REMOVAL:

Due to reasons for any disqualification mentioned in the Act, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, for removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

XII. RETIREMENT:

The 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 to retain the KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

XIII. POLICY RELATING TO REMUNERATION OF MANAGERIAL PERSON, KMP AND SENIOR MANAGEMENT

1) Remuneration to Managing Director / Whole-time Directors:

a) The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Act, and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.

b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.



2) Remuneration to Non- Executive / Independent Directors:

a) The Non-Executive / Independent Directors may receive sitting fees and such other Remuneration as permissible under the provisions of the Act. The amount of Sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

b) All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Act shall be subject to ceiling/ limits as provided under the Act and rules made there under or any other enactment for the time being in force. The amount of such Remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.

c) An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.

d) Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above, if

i) The Services are rendered by such Director in his capacity as the professional; and

ii) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

3) Remuneration to Key Managerial Personnel and Senior Management:

a) The remuneration to Key Managerial Personnel other than those covered above and Senior Management may consist of fixed pay and incentive pay, in accordance with the Company's Policy and the Act, wherever applicable. .

b) The Fixed pay may include monthly remuneration; employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. and such other Perquisites as may be decided from time to time.

c) The Incentive pay may be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management or such other Criteria as may be decided annually or at such appropriate intervals

XIV. IMPLEMENTATION

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.