

## **LONA INDUSTRIES LIMITED**

### **NOMINATION AND REMUNERATION POLICY**

#### **I. INTRODUCTION**

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, key managerial personnel and employees of the company, to harmonize the aspirations of human resources consistent with the goals of the company and in terms of the provisions of the Companies Act, 2013 this policy on nomination and remuneration of Directors and Senior Management has been formulated by the Nomination and Remuneration Committee ("the Committee") and approved by the Board of Directors of the Company.

#### **II. CONSTITUTION OF COMMITTEE**

Committee shall consist of three or more Non-Executive Directors out of which not less than one half shall be Independent Directors provided that Chairperson of the Company may be appointed as a member of the Committee but who shall not Chair the Committee.

#### **III. ROLE AND DUTIES OF THE COMMITTEE IN RELATION TO NOMINATION AND REMUNERATION MATTERS**

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto. The Committee shall:-

- a) Guide the Board in relation to appointment and removal of Directors and Senior Management.
- b) Evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation

- c) Recommend to the Board on remuneration payable to the Directors and Senior Management
- d) 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 and other employees.
- e) Provide to Directors and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- f) Retain, motivate and promote talent and to ensure long term sustainability of talented persons and create competitive advantage.

#### **IV. APPLICABILITY**

The Policy is applicable to:

- 1) Directors ( Executive, Non-Executive and Independent)
- 2) Key Managerial Personnel (Company Secretary)
- 3) Senior Management Personnel

#### **V. DUTIES OF THE COMMITTEE IN RELATION TO NOMINATION MATTERS:**

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

- 1. Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- 2. Ensuring that on appointment to the Board, Independent Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- 3. Determining the appropriate size, diversity and composition of the Board;
- 4. Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- 5. Recommend any necessary changes to the Board; and
- 6. Considering any other matters, as may be requested by the Board.

## **VI. COMMITTEE MEMEBERS INTEREST AND VOTING**

### **A. COMMITTEE MEMEBERS 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.

### **B. VOTING**

- a) Matters arising for determination at Committee meetings shall be 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.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

### **C. EVALUATION:**

The evaluation of performance of every Director and Senior Management Personnel shall be carried at regular intervals as may be decided by the Committee.

### **D. REMOVAL/VACANCY:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations. Vacancy may also arise due to retirement, resignation, death etc or vacancy arisen out of annual Board performance evaluation or any change required by Board on account of diversity or as required by law.

**E. RETIREMENT:**

The Executive Director including Managing Director, Whole-time Director and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and as per the prevailing policy of the Company. The Board will have the discretion to retain the Executive Director including Managing Director, Whole-time Director, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefits of the Company as per the applicable laws, regulations and as per the prevailing policy of the Company.

**VII. REVIEW, AMENDMENT AND DEVIATIONS FROM POLICY**

- a) The Committee or the Board may review the Policy as and when it deems necessary.
- b) The Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
- c) This Policy may be amended or substituted by the Committee or by the Board as and when required and where there is any statutory changes necessitating the change in the policy.
- d) 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.

Provided that Nomination and Remuneration Committee shall set up mechanism to carry out its functions and is further authorized to delegate any / all of its powers to any of the Directors and/or officers of the Company, as deemed necessary for proper and expeditious execution

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