

# THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

## NOMINATION AND REMUNERATION POLICY

### 1. Preamble

The Nomination and Remuneration (“the Policy”) of the Company is designed to attract, motivate and retain manpower in a competitive environment. The policy reflects the Company’s objectives for good corporate governance as well as sustained long term value creation for various stakeholders.

Section 178 of the Companies Act, 2013 (“the Act”) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) require the Company to formulate a policy relating to nomination and remuneration of Board of Directors, senior management and key managerial personnel.

Section 178 (3) of the Act states that the Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and senior management employees.

This policy provides a framework for remuneration to be paid to the members of the Board of Directors (“Board”), Key Managerial Personnel (“KMP”), and the Senior Management Personnel referred to as (“Executives”).

This policy also provides a framework for identification of persons who are qualified to become directors and senior management personnel and recommend their appointment to the Board.

This Policy has been framed by the Nomination and Remuneration Committee and based on its recommendation approved by the Board of Directors of the Company. The policy may be reviewed by the Nomination and Remuneration Committee from time to time.

### 2. Definitions

**2.1 “Act”** shall mean the Companies Act, 2013

**2.2 “Company”** shall mean The United Nilgiri Tea Estates Company Limited

**2.3 “Board”** means the Board of Directors of the Company

**2.4 “Listing Regulations”** shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

**2.5 “Policy”** shall mean the Nomination and Remuneration Policy of The United Nilgiri Tea Estates Company Limited

**2.6 “Committee”** shall mean the Nomination and Remuneration Committee of the Board of Directors formed under the provisions of Section 178 of the Companies Act, 2013.

**2.7 “Key Managerial Personnel”** means a person as defined in Section 2 (51) of the Act.

**2.8 “Senior Management”** shall mean officers/personnel of the Company who are members of its core management team excluding directors comprising all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manger, in case they are not part of the Board) and shall specifically include company secretary and chief financial officer.

Words and expressions used but not defined in this Policy shall have the same meaning as assigned to them under the Applicable Law.

### **Scope of the Policy**

The scope of this Policy is to:

1. Guide the Board in matters relating to identification, selection, appointment and removal of Directors, key managerial personnel and senior management personnel;
2. Lay down guiding criteria for remuneration payable to Executive Directors, Non-Executive Directors, Key Managerial Personnel and Senior Management Personnel;
3. Determine criteria for determining qualifications, positive attributes and independence of a director;
4. Determine whether to extend or continue the term of appointment of independent director;

5. Determine criteria for evaluation of performance of the board of directors, its committees and individual directors (including independent directors)
6. Devise a policy on diversity of board of directors
7. Develop succession plan for the Board, Key Managerial Personnel and Senior Management Personnel.

### **3. Criteria for identification, selection and appointment of Board Members**

1. The Committee, along with the Board, shall review on an annual basis, appropriate skills, characteristics and experience required of a Board Member. The objective is to have a Board with diverse background and experience in business, government, academics, technology and in areas that are relevant for Company's operations.
2. While evaluating the suitability of individual board members, the Committee shall consider many factors, including general understanding of the Company's business dynamics, global business and social perspective, academic, professional background and personal achievements.
3. Directors must possess experience at policy making and operational levels in large organizations with significant international activities that will indicate their ability to make meaningful contributions to the Board's discussion and decision making.
4. Director should possess high level of personal and professional ethics, integrity and values. They should be able to balance the legitimate interest and concerns of all the Company's stakeholders in arriving at decisions, rather than advancing the interests of particular constituency.
5. In addition, Directors must be willing to devote sufficient time and energy in carrying out their duties and responsibilities effectively. They must have the aptitude to critically evaluate the management's working as part of a team in an environment of collegiality and trust.
6. The Committee shall evaluate each director with the objective of having a group that enables the success of the Company's business.
7. Selection of Board Members/extending invitation to a potential director to join the Board.

#### **4. Criteria for selection of KMP and Senior Management Personnel**

The Chairman of the Board along with the Whole-time Director shall identify and appoint suitable candidates for appointing them as KMPs (excluding executive directors) or senior management personnel of the Company on the basis of their age, academic and professional qualifications, relevant work experience, skill and other capabilities depending on the functional area where he / she is going to be appointed.

In case of KMPs (excluding Executive Director) appointment, approval of the Board of Directors/committee shall be taken into account in accordance with the provisions of relevant Act, Statutes, and Regulations etc. existing on that date. The appointment and / or removal of KMPs shall be placed before the Committee and / or Board of Directors.

In case of Senior Management Personnel (excluding KMPs), the appointment and remuneration in whatever form as approved by the Chairman shall be placed before the Committee.

#### **Compensation Structure**

##### **A. Executive Directors / Whole-time Directors**

The remuneration payable to the Whole-time Directors shall be governed by the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Nomination and Remuneration Committee shall make such recommendations to the Board as it may consider appropriate with regard to the terms, conditions and remuneration to be paid to the Executive Directors/Whole-time Directors.

The remuneration shall be governed by the external competitive environment, track record, potentials, individual performance and performance of the Company as well as industry standards. The remuneration determined shall be approved by the Board

of Directors which shall be subject to the approval of members at the next general meeting of the Company.

### **Fixed Salary**

The Whole-time Directors are eligible for a fixed monthly salary and perquisites as may be recommended by the Committee and approved by the Board. The fixed salary comprise of basic salary and allowance as per rules of the Company.

### **Variable component**

The Whole-time Directors may be given incentive based on the performance of the director in question, company's annual business results, loyalty, attitude, foresight, potential for growth, motivation, initiative and such other factors as deemed appropriate.

### **Perquisites /Personal benefits**

In addition to the above, the Whole-time Directors are entitled to get the following:

- a. Holiday Allowance
- b. Medical Expenses
- c. Club fees
- d. Telephone at residence for official use/mobile phone
- e. Car with driver
- f. Rent free furnished accommodation with servant maids
- g. Retirement benefits such as Company's contribution to provident fund, gratuity and superannuation fund.

If any director draws or receives directly or indirectly, by way of remuneration any such sums in excess of the limit as prescribed under the Act and / or Listing regulations without the prior sanction of the shareholders, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the company.

## **B. Non-Executive Directors**

Non- Executive Directors' remuneration include payment of fees for attending the meeting of the Board and sub-committees thereof and a commission on the net profits of the company.

### **Sitting Fees**

The Non-Executive Directors, both independent and Non-independent are entitled to receive remuneration by way of sitting fees for attending meetings of Board and sub-committees of the Board as may be recommended by the Nomination and Remuneration Committee and approved by the Board within the limits prescribed under the Companies Act, 2013 or the Rules framed thereunder.

The sitting fees payable may be modified from time to time only with the approval of the Board of Directors subject to the provisions of Companies Act, 2013 or the Rules framed thereunder.

### **Commission**

In addition to the sitting fees, the Non-Executive Directors are also entitled to a commission on the net profits of the Company at a fixed amount approved by the shareholders. In determining the amount of commission, the Nomination and Remuneration Committee / Board of Directors may consider various factors as disclosed in the Remuneration Policy.

The overall commission payable to all the Non-Executive Directors shall not exceed the limit of 1% of the net profits of the Company per annum as provided under Section 197 of the Companies Act, 2013.

Commission payable is considered and approved at the Board Meeting in which Annual Financial Statement are approved and payment of the same is made on the approval of the financials by the shareholders at the Annual General Meeting

### **Reimbursement of Expenses**

The expenses incurred by the Board of Directors for the attending the meetings of the Board, meetings of the Committees, General Body Meetings and events of the Company are reimbursed at actuals. Wherever the actual bills are not directly attributed to the expenses for the purpose of attending the meetings/events, the “best fare” practice is adopted to reimburse such expenses.

### **Stock Options**

The Company is not offering any stock option to the Non-Executive Directors of the Company.

### **C. KMPs not covered above and Senior Management Personnel**

The remuneration to be paid to KMPs (excluding Executive Directors) and Senior Management Personnel shall be determined by the Chairman after taking into consideration the academic, professional qualifications, work experience, skill other capabilities and industry standards.

The remuneration so determined shall be subject to approval of the Board of Directors / Committee, if stipulated by any Act, Statute, regulations etc.

### **Board Diversity**

The company recognizes that Board Diversity forms one of the pillars of a robust corporate governance framework. The members of the Board shall possess appropriate skills, qualification, characteristics and experience. The objective is to have a Board with diverse background and experience in business, government, academics, technology, human resources, social responsibilities, finance, law etc. and in such other areas as may be considered relevant or desirable to conduct the company’s business in a holistic manner.

The Board should also provide leadership, strategic guidance, objective and an independent judgment to the Company’s management while discharging its fiduciary

responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure.

The company believes that a diverse Board will contribute to the achievement of its strategic and commercial objectives, including to drive business result, enhance the quality and independence of the Board, improve the overall decision making ability and process, make corporate governance more effective and enhance corporate reputation.

The Nomination and Remuneration Committee shall be responsible for reviewing and assessing the composition and performance of the Board. The Committee shall assess the appropriate mix of diversity, skills, experience and expertise required on the Board. The committee shall review the Board composition in terms of size of the Board. The Board shall have an optimum composition of Executive, Non-Executive and Independent Directors in accordance with the requirements of the Articles of Association of the Company, the Companies Act, 2013, the Listing Regulations and other Statutory / Regulatory requirements.

### **Evaluation**

The Committee shall carry out evaluation of performance of Board, its directors, its committees, yearly or at such intervals as may be considered necessary.

### **Retirement**

The Non Independent Non-Executive Directors are liable to retire by rotation as per the provisions of the Act. The KMPs and senior management personnel shall retire as per the applicable provisions of the Act and / or the prevailing retirement policy of the Company. The Board will have the discretion to retain the Director (other than an Independent Director), KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the age of superannuation if it is felt essential for the benefit of the Company.

## **Removal**

Where any Director, Senior Management Personnel or KMP attract any disqualification under the Act or any other applicable law, rules or regulations made thereunder, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP, or Senior Management Personnel subject to the provisions of the Act and Listing Regulations.

## **Amendments**

The Nomination and Remuneration Committee is authorized to make minor modifications to this policy which will remove ambiguities, enhance clarity on the provisions of the laws.

The committee can recommend amendments to this policy to the Board of Directors, as may be required to be in line with the changes, amendments and modifications, if any in the Companies Act, 2013 and Rules made thereunder and Listing Regulations.

In case of any subsequent changes in the provisions of the Act or Listing Regulations which makes any of the provisions in the Policy inconsistent with the Act or the Listing Regulations, then the provisions of the Act or the Listing Regulations would prevail over the Policy and this policy shall stand amended accordingly, without any further action on and from the date on which changes comes into effect.

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