



## **A. Introduction**

1. This policy on Nomination and Remuneration of Directors, Key Managerial Personnel ("KMP"), Senior Management Personnel ("SMP") and other employees has been formulated in terms of the provisions of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time, in order to appoint and pay equitable remuneration to Directors, KMP, SMP and other employees of the Company.
2. This Policy will assist the Board of the Company to fulfil its responsibility by way of recommendation from the NRC to attract, retain and promote the aforesaid personnel with respect to their remuneration in line with the corporate and their individual performances.
3. This Policy also takes into account the staff rules, resolutions approved by the Governing Board or its Committee/s, internal controls and guidelines framed by the Company.

## **B. Objective**

1. To identify persons who are qualified to become Directors (executive and non-executive) and who may be appointed in senior management positions in accordance with the criteria laid down and recommend their names to the Board for appointment or removal.
2. To evaluate skills, knowledge, expertise and experience for the position on the Board or for Key Management Positions and on the basis of such evaluation, prepare a description of the role and capabilities required of a Director or Managing Director & CEO and other Key Management positions.
3. NRC shall evaluate the remuneration that are payable to the Directors, Managing Director & CEO and key management personnel and recommend the same to the Governing Board. While doing this, the NRC shall consider the market trends and compensation levels in similar organisations so as to attract and retain the talent.
4. Board diversity.

## **C. Effective Date**

This Policy is effective from December 19, 2024.

## **D. Definitions**

1. "Act" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
2. "Board" means Board of Directors of Lumino Industries Limited
3. "Company" means Lumino Industries Limited
4. "Directors" means Directors of the Company
5. "Employee" means all the present and future employees, consultants and directors in the employment of the Company
6. "Independent Director" (ID) means a Director referred to in Section 149 (6) of the Companies Act, 2013 and Rules made thereunder and Regulation 16(1)(b) of the Listing Regulations
7. "Key Managerial Personnel" (KMP) means
  1. Chief Executive Officer or the Managing Director or the Manager; 2. Whole-time Director(s); 3. Chief Financial Officer; 4. Company Secretary; and 5. Such other officer, not more than one level below the directors who is in whole time employment and designated as KMP by the Board.
8. "NRC" means the Nomination and Remuneration Committee constituted by the Board from time to time.
9. "Non-Independent directors" means a non-independent director as defined under the Depository Regulations.
10. "SEBI" means the Securities and Exchange Board of India
11. "Senior Management Personnel" (SMP) means officers and personnel of the Company, who are members of its core management team excluding Board of Directors and shall also comprise all members of management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Office and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and Chief Financial Officer

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and Listing Regulations, as may be amended from time to time, shall have the meaning respectively assigned to them therein

**E. Constitution of Nomination and Remuneration Committee:**

- (1) The Company's Board has constituted a Nomination and Remuneration Committee (the "NRC") consisting of three or more non-executive directors out of which not less than one-half are independent directors and the Chairman of the said Committee is an independent director. The Company, taking forward its compliance with the regulatory requirements has formulated a Nomination and Remuneration Policy (the "Policy") pursuant to the requirements of Section 178 of the Companies Act, 2013 read along with rules framed thereunder, as amended from time to time (the "Act") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "SEBI Listing Regulations"). The Policy has been formulated by the Company and the same was recommended for approval of the Board. The Board has approved the Policy in its meeting held on December 19, 2024. The company secretary of the Company shall act as secretary to the NRC.
- (2) Terms of reference of the Committee shall be continued unless terminated by the Board;
- (3) The Chairperson of the NRC shall be an Independent Director.
- (4) Chairperson of the Company may be appointed as a member of the NRC but shall not chair such Committee.
- (5) In the absence of the Chairperson, the members of the NRC present at the meeting shall choose one amongst them to act as Chairperson other than chairperson of the Company.
- (6) Chairperson of the NRC meeting may be present at the Annual General Meeting of the Company or may nominate some other member to answer the shareholders queries.
- (7) The meeting of the NRC shall be held at such regular intervals as may be required.
- (8) The NRC may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.
- (9) The company secretary of the Company shall act as secretary to the NRC.

**F. Roles and Responsibilities of the Nomination and Remuneration Committee and Formulation of Policy.**

The NRC constituted by the Board leads the process of appointment and remuneration of Directors, Managing Director and other Key Management Personnel in accordance with the requirements of the Companies Act, Depository Regulations,

Listing Regulations and other applicable regulations / guidelines. All the appointments are based on merits.

(i) Role of The Committee:

- a. Formulating the criteria determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, KMP, SMP and other employees.
- b. For every appointment of an independent director, the NRC shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description.
- c. To formulate the criteria for evaluation of performance of the Independent Director and the Board.
- d. To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- e. To recommend to the Board the appointment and removal of Directors and Senior Management.
- f. To devise a policy on Board diversity, composition, size.
- g. To develop a succession plan for the Board and to regularly review the plan.
- h. 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.
- i. To perform such other functions as may be necessary or appropriate for the performance of its duties.
- j. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- k. To develop a succession plan for the Board and to regularly review the plan.
- l. To ascertain whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

- m. To recommend to the board, all remuneration, in whatever form, payable to senior management.
- n. For the purpose of identifying suitable candidates, the NRC may:
- use the services of an external agencies, if required;
  - consider candidates from a wide range of backgrounds, having due regard to diversity; and consider the time commitments of the candidates
- (ii) While formulating this Policy, the Committee has considered the factors laid down under Section 178(4) of the Act, which are as under:
- a) 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;
  - b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - c) 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.

**G. CRITERIA FOR APPOINTMENT OF DIRECTOR AND SENIOR MANAGEMENT:**

The Committee shall consider the following factors for identifying the person who are qualified to becoming Director and who can be appointed in senior management:

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as director or at senior management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- c) An independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.
- d) The Company may appoint or continue the employment of any person as Whole- time Director who has attained the age of seventy years subject to the approval of shareholders by passing a special resolution. The explanatory statement annexed to the notice for such motion indicating the justification for appointing such person.
- e) The Company should ensure that the person so appointed as director/ independent director/ senior management personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder, or any other

enactment for the time being in force including SEBI Regulations and RBI Regulations, although not explicitly applicable to the Company.

- f) The director/ independent director/ senior management personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder, or under listing regulations or any other enactment for the time being in force.
- g) Independent Directors shall meet all criteria specified in Section 149(6) of the Companies Act, 2013 and rules made thereunder and/or as specified in Regulation 25 of the listing regulations.
- h) The Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate(s).

### **Disqualifications for appointment of directors**

Pursuant to section 164 of the Companies Act, 2013, a person shall not be eligible for appointment as a director of a Company if:

- a) He/ She is of unsound mind and stands so declared by a competent court;
- b) He is an undischarged insolvent;
- c) He has applied to be adjudicated as an insolvent and his application is pending;
- d) He has been convicted by a court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence:  
Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director in any Company;
- e) An order disqualifying him for appointment as a director has been passed by a court or Tribunal and the order is in force;
- f) He has not paid any calls in respect of any shares of the Company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call;
- g) He has been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years; or
- h) He has not been allotted the Director Identification Number under Section 154 of the Act.
- i) He shall not be a Director in more than 20 Companies out of which 10 Companies can be public Companies.

Provided that the disqualifications referred to in clauses (d), (e) and (g) of subsection (1) shall continue to apply even if the appeal or petition has been filed against the order of conviction or disqualification.

No person who is or has been a Director of a Company which:

- Has not filed financial statements or annual returns for any continuous period of three financial years; or
- Has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more, shall be eligible to be reappointed as a director of that Company or appointed in other Company for a period of five years from the date on which the said Company fails to do so

Provided that where a person is appointed as a Director of a Company which is in default of above-mentioned clauses, he shall not incur the disqualification for a period of 6 months from the date of his appointment.

### **Term / Tenure**

Managing Director/Whole-time Director:

The Company shall appoint 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 shall be made earlier than one year before the expiry of term.

Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be 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 shall hold office for more than two consecutive terms of up to maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

### **Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground, the committee may recommend to the board for removal of a director or senior management personnel subject to the provisions and compliance of the said Act, rules and regulations.

## **Retirement**

The Director and Senior Management Personnel 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 director or senior management personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

### **H. Succession plans:**

Establishing and reviewing succession plans of the Board, KMP and Senior Management in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management.

### **I. Criteria for Determining Qualifications, Positive Attributes and Independence of Directors**

#### **Criteria for determining positive attributes:**

1. The Committee shall ascertain the integrity, qualification, expertise and experience of the person identified for appointment as Director, KMP or Senior Management and recommend to the Board his/her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
2. A person to be appointed as Director, KMP or Senior Management should possess adequate qualification, expertise and experience for the position he/she is considered for.
3. A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise and insights in sectors/areas relevant to the Company, ability to contribute to the Company's growth and complementary skills in relation to the other Board members.
4. For every appointment of an independent director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended for such role shall meet the description.
5. Independent Directors to meet the requirements of the Companies Act, 2013 read with the Rules made there under as amended from time to time and shall abide by the "Code for Independent Directors" as specified in Schedule IV to the Companies Act, 2013
6. A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-



time KMP can be appointed as a Director in any company, with the permission of the Board.

7. The Company shall not appoint any resigning Independent Director, as whole-time director, unless a period of one year has elapsed from the date of resignation as an Independent Director.
8. The term/tenure of the Directors, Managing Director, KMP and Senior Management/ other employees shall be in accordance with the Applicable Laws and their respective contracts/ terms of appointment and shareholders and/or government approvals, where relevant
9. Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively and the willingness to address issues proactively, and shall:
  - Actively update their knowledge and skills with the latest developments in the industry, market conditions and applicable legal provisions;
  - Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities;
  - To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
  - Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company;
  - To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees;

**Criteria for determining Independence:**

- The Independent Director shall qualify the criteria of independence mentioned in Section 149(6) of the Companies Act, 2013 and rules related thereto and in Regulations 16(b) and 25 of [SEBI Listing Regulations].

**J. Appointment of KMP/Senior Management**

- To possess the required qualifications, experience, skills & expertise to effectively discharge their duties and responsibilities;
- To practice and encourage professionalism and transparent working environment;
- To adhere strictly to code of conduct.

**K. Policy relating to the remuneration of the directors, key managerial personnel and other employees**

At the appointment or re-appointment of Managing Director, Whole-time Director and KMPs, the Committee will recommend to the Board for their approval, the remuneration to be paid to them. The remuneration to be paid to the Managing Director, Whole-time Director, KMPs and Senior Management Personnel shall be in

accordance with Section 197 of the Act. The Committee is responsible for reviewing and making recommendations to the Board on:

- a) Remuneration of whole-time Directors to be presented for shareholders' approval including severance, if any.
- b) Individual and total remuneration of non-executive Directors and the chairperson (if nonexecutive), including any additional fees payable for membership of Board committees;
- c) The remuneration and remuneration policies for KMP and Senior Management including base pay, incentive payments, equity awards, retirement rights, severance pay, if any, and service contracts having regard to the need to:
  - (i) attract and motivate talent to pursue the Company's long term growth;
  - (ii) demonstrate a clear relationship between executive compensation and performance;
  - (iii) be reasonable and fair, having regard to best governance practices and legal requirements; and
  - (iv) balance between fixed and incentive pay reflecting short and long-term performance objectives as appropriate for the Company and its goals. d. the Company's incentive compensation and equity-based plans including a consideration of performance thresholds and regulatory and market requirements;

**Managing Director/Whole-Time Director (MD/ WTD):**

- a) The remuneration to be paid to the MD/WTD at the time of his/her appointment shall be recommended by the NRC and approved by the Board of Directors and the shareholders of the Company.
- b) Annual increment /subsequent variation in remuneration to the MD/WTD shall be approved by the NRC/Board of Directors, within the overall limits approved by the shareholders of the Company.

**Non-Executive Directors (NEDs):**

- a) NEDs shall be entitled to sitting fees as may be decided by the Board of Directors from time to time for attending the Meeting of the Board and Committees of the Board.
- b) Remuneration (including Commission) as may be recommended by NRC and subsequently approved by the Board of Directors and shareholders of the Company, wherever required, and the same shall be paid in accordance with the applicable laws.
- c) The NEDs shall be eligible for remuneration of professional services rendered if in the opinion of the NRC, the NED possesses the requisite qualification for rendering such professional services in accordance with applicable laws.

**Key Managerial Personnel & Senior Management Personnel (KMP & SMP):**

- a) The remuneration to be paid to the KMP and SMP, at the time of his/her appointment shall be recommended by the NRC and approved by the Board considering relevant qualification, experience and performance of the individual

as well as the prevailing market conditions. The remuneration may be combination of fixed and variable pay.

- b) Annual increment /subsequent variation in remuneration to the KMP/SMP shall be approved by the NRC/Board of Directors.

#### **L. Director and Officer Liability Insurance:**

Where Insurance Policy is taken by the Company for its Directors, KMP, SMP and employees indemnifying them against any liability, the premium paid by the Company for such insurance cover shall not be treated as part of the remuneration payable to such personnel. However, if such person is proved to be guilty, the premium paid on such insurance shall be recovered from such persons.

#### **M. Criteria for evaluation of performance of independent directors and the Board**

Pursuant to the provisions of the Companies Act, 2013, the Nomination and Remuneration Committee of the Board is required to carry out annual evaluation of board, its committees and individual directors:

- (i) Formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company or engage with a third-party facilitator in doing so.
- (ii) Identify ongoing training and education programs for the Board to ensure that non-executive Directors are provided with adequate information regarding the business, the industry and their legal responsibilities and duties.

The provisions relating to the performance evaluation of the Directors and the Board are as follows:

- a. Nomination and Remuneration Committee to carry out evaluation of every Directors Performance - Section 178(2) of the Act.
- b. Independent Directors to bring objective view in evaluation of performance of Board and Management - Schedule IV(II) of the Act.
- c. Performance evaluation of Independent Directors shall be done by entire Board of Directors excluding the Director being evaluated - Schedule IV of the Act and Regulation 17(10) of Listing Regulations.
- d. Disclosure in Board Report a statement indicating the manner in which formal annual evaluation of the performance has been made of Board, its Committees and of individual Directors - Section 134(3)(p) of the Act.

#### **N. Removal**

Due to reasons for any disqualification mentioned in the Applicable Laws, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the Applicable Laws.

#### **O. Retirement**

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the Applicable Law and relevant policies of the Company. The Board will have the discretion to retain the Directors, KMP and Senior Management in the

same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company, subject to approvals as required under the Applicable Laws

**P. Diversity of the Board**

NRC shall ensure a transparent nomination process to the Board of Directors with the diversity of gender, thought, experience, qualification, knowledge, core skills, competencies, and perspective in the Board. Diversity at the Board level shall be used as a tool for supporting the attainment of the strategic objectives of the Company and also to drive business results. Accordingly, while designing the composition of the Board, diversity shall be considered on all aspects and all appointments shall be based on the above parameters.

**Q. Miscellaneous**

This policy is framed based on the provisions of the Companies Act, 2013 and Rules framed thereunder and the requirements of Listing Regulations, as amended from time to time. In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy.

**R. Amendment to this policy**

The Board of Directors may as per the recommendations of Nomination and Remuneration Committee amend this Policy, as and when deemed fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant Statutory authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

**S. Disclosure of the Policy**

The Policy will be uploaded on the website of the Company.