



GUJARAT TEA PROCESSORS AND PACKERS LIMITED

NOMINATION AND REMUNERATION POLICY

The Board of Directors of Gujarat Tea Processors and Packers Limited (“the Company”) constituted the “Nomination and Remuneration Committee” (“Committee”) at its meeting held on 26th May 2014 consisting of four (4) Directors, two of whom are Independent Directors. The following policy as recommended by the Committee has been adopted by the Board of Directors of the Company.

1. OBJECTIVE

This Policy shall be in compliance with Section 178 of the Companies Act, 2013 (‘Act’), read along with the applicable rules thereto. The main Objectives would be:

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

2. DEFINITIONS

- 2.1 **Act** means the Companies Act, 2013 and the Rules and Regulations framed thereunder, as amended from time to time.
- 2.2 **Board** means Board of Directors of the Company.
- 2.3 **Company** means “GUJARAT TEA PROCESSORS AND PACKERS LIMITED”.
- 2.4 **Director** means a director appointed to the Board of the Company.
- 2.5 **Independent Director** means a director referred to in Section 149 (6) of the Companies Act, 2013.
- 2.6 **Key Managerial Personnel means**
 - (i) Chief Executive Officer or the Managing Director or the Manager;
 - (ii) the Company Secretary;
 - (iii) the whole-time director;
 - (iv) the Chief Financial Officer;
 - (v) such other officer as may be prescribed.
- 2.7 **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 Companies Act, 2013.
- 2.8 **Policy or this Policy** means, “Nomination and Remuneration Policy.”
- 2.9 **Senior Management** means 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 the functional heads.

3. GUIDING PRINCIPLES

The Policy ensures that,

- 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, Key Managerial Personnel 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.

4. ROLE OF THE COMMITTEE

The role of the Committee *inter alia* will be the following:

- (i) To formulate the criteria for determining qualifications, positive attributes and independence of a director.
- (ii) To formulate criteria for evaluation of Independent Directors and the Board.
- (iii) Identify persons who are qualified to become directors and who may be appointed in senior management positions in accordance with the criteria laid down in this policy.
- (iv) To carry out evaluation of every Director's performance.
- (v) To recommend to the Board the appointment and removal of Directors and Senior Management personnel.
- (vi) To recommend to the Board a policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management personnel.
- (vii) Ensure 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.
- (viii) Ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- (ix) 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.
- (x) To perform such other functions as may be necessary or appropriate for the performance of its duties.

5. MEMBERSHIP

- a) The Committee shall consist of at least three (3) Directors, all of whom shall be non-executive Directors and at least half shall be Independent directors.
- b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirement.
- c) Quorum for the Committee meeting shall be one third or 2 members, whichever is higher, including presence of minimum one independent director.
- d) Membership of the Committee shall be disclosed in the Annual Report.
- e) Term of the Committee shall be continued unless terminated by the Board of Directors.

6. CHAIRMAN

- a) Chairman of the Committee shall be an Independent Director.
- b) Chairperson of the Company, whether executive or non-executive, may be appointed as a member of the Committee but shall not Chair the Committee.
- c) In the absence of the Chairman of the Committee, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d) Chairman of the Committee, or in his absence, any other member of the Committee authorised by him in this behalf shall attend the general meetings of the Company.

7. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required.

8. COMMITTEE MEMBERS' INTERESTS

- 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.

9. 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.

10. SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

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

11.1 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 (Key Managerial Personnel) or at Senior Management level and recommend to the Board his / her appointment.
- 2. 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.
- 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 in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for such appointment.

11.2 Term / Tenure:

- 1. *Managing Director/Executive Director/Whole-time Director/Manager (Managerial Person):*
The Company shall appoint or re-appoint any person as its Managerial Person 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.
- 2. *Independent Director:*
 - a) 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 reappointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
 - b) No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after the 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.

11.3 EVALUATION

The Committee shall specify, from time to time, the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

11.4 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, 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 and compliance of the said Act, rules and regulations.

11.5 RETIREMENT

The Director, KMP and Senior Management personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management personnel in the same position / remuneration or otherwise even after attaining the retirement age for the benefit of the Company.

12. PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSON, KMP AND SENIOR MANAGEMENT

12.1 General

1. The remuneration including but not limited to Salary, compensation, commission, ex-gratia, variable pay, benefits etc., to Executive Directors, Managerial Person, KMP and Senior Management Personnel will be determined by the Nomination and Remuneration Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the approval of the shareholders of the Company, if any required, under the Companies Act, 2013, and of the Central Government, wherever required. The Board shall be empowered to change, add, remove any of the component of remuneration, provided the total remuneration to Executive Directors, Managerial Person, KMP & Senior Management shall be within the limits permissible under the Companies Act, 2013.
2. The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs (and the terms) approved by the Shareholders in the case of Managerial Person.
4. Where any insurance is taken by the Company on behalf of its Managerial Person, KMP and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

12.2 Remuneration to Managerial Person, KMP and Senior Management:

1. Fixed pay:

Managerial Person, KMP and Senior Management personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. The break-up of the pay scale and quantum of perquisites including employer's contribution to P.F., pension scheme, medical expenses, club fees etc., shall be decided and approved by the Board on the recommendation of the Committee and approved

by the shareholders and Central Government, wherever required.

2. *Minimum Remuneration:*

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the requisite approval of the Central Government.

3. *Provisions for excess remuneration:*

If any Managerial Person draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

12.3 Remuneration to Non-Executive / Independent Director:

1. *Remuneration / Commission:*

The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

2. *Sitting Fees:*

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that, the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

3. *Limit of Remuneration / Commission:*

Remuneration / Commission may be paid within the monetary limit approved by shareholders, subject to the limit prescribed under the applicable provisions of the Companies Act, 2013 in force and as amended from time to time.

4. **Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company.

13. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting.

14. DEVIATIONS FROM THIS POLICY

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

15. OTHER MATTERS

15.1 The committee can delegate any of its duties and powers as and when required subject to its ratification.

15.2 The committee can from time to time consider any other matters as may be requested by the Board.
