

CRITERIA AND POLICY LAID DOWN BY NOMINATION AND REMUNERATION COMMITTEE

a. Board Diversity:

With a view to achieving sustainable and balanced development, the Company recognizes diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity shall be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

INDEPENDENCE REVIEW CRITERIA

Determination of director independence will be made by the Board for each director on an annual basis upon the recommendation of the Committee. Independent directors have three key roles, namely, governance, control and guidance. Some of the performance indicators, based on which the independent directors shall be evaluated are:-

- Independence from management.
- Independence from Promoter Group.
- No substantial shareholding.
- Ability to contribute to and monitor our corporate governance practices.
- Ability to contribute by introducing best practices to address top management issues.
- Active participation in long term strategic planning.
- Commitment to the fulfilment of director obligations and fiduciary responsibilities - this include participation and attendance.
- Other significant relationship which may cause a conflict of interest.

b. PERFORMANCE EVALUATION

The Nomination and Remuneration Committee has laid down the criteria for evaluation of performance of Independent Director. Some of the specific issues and questions that should be considered in the performance of an Independent Director, (the exercise in which the concerned director being evaluated shall not be included) are set out below:

- Attendance and participations in the Meetings and timely inputs on the minutes of the meetings.
- Preparation for Board and committee Meetings
- Adherence to ethical standards & code of conduct of company
- Disclosures of non-independence, and/or interests, if any
- Raising of valid concerns to the Board and constructive contribution to resolution of issues at meetings
- Communication in open and constructive manner
- Objective evaluation of Board's performance, rendering independent, unbiased opinion
- Understanding of the Company and the external environment in which it operates and contribution to strategic direction.
- Safeguarding interest of whistle-blowers under vigil mechanism and safeguarding of confidential information.

Based on the above criteria each of the Independent Directors has to be assessed by other Independent Directors by giving a rating.

c. REMUNERATION POLICY

Ludlow considers that the remuneration system is a key element in creating value. It thus has an advanced remuneration scheme based on the reciprocity of value for employees and for the Company in line with the interests of shareholders. The Company's remuneration system is based on the following principles:

- Long-term value creation.
- Remunerate achievement of results on the basis of prudent, responsible risk bearing.
- Attract and retain the best professionals.
- Reward the level of responsibility and professional path.
- Ensure equity in the Company and competitiveness outside it.
- Ensure transparency in its remuneration policy

i. NON-EXECUTIVE DIRECTORS

A Non-Executive Director shall be entitled to sitting fees for participation of the Board or Committee of the Board attended by him as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies Managerial Remuneration Rule, 2014.

ii. EXECUTIVE DIRECTORS

The Company shall pay remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to Managing and Whole-time Directors. Salary shall be paid within the range approved by the Shareholders and as per section 197 read with Schedule V of the Companies Act, 2013.

If, in any financial year, the Company has no profit or its profit are inadequate, the Company shall pay remuneration to its Managing or Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, then the same would be done with the previous approval of the specified authority as per the rules in force at the time.

Increments to the Managing and Whole Time Director(s) should be within the slabs approved by the Shareholders and as per the Agreement with the Company.

iii. OTHER KEY MANAGERIAL PERSONNEL EXCLUDING EXECUTIVE DIRECTORS

The KMP, Senior Management Personnel and other employees of the Company shall be paid monthly remuneration as per the Company's HR policies and/or as may be approved by the Committee. The breakup of the pay scale and quantum of perquisites including employer's contribution to P.F, pension scheme, medical expenses, etc. shall be as per Company's HR policies.