

## **NOMINATION AND REMUNERATION POLICY**

### **OBJECTIVES**

The objective of the Nomination and Remuneration committee of the Board of Directors of Lead Financial Services Limited is to ensure that the Board and top management is appropriately constituted to meet its fiduciary obligations to stakeholders, to identify persons who are qualified to become Directors and who may be appointed in senior Management and/or as Key Managerial Personnels (KMPs) of the Company in accordance with the criteria's laid down, recommend to the Board the appointment, removal, remuneration of the Directors, Senior Management and KMPs and evaluation of every Director's performance, in line with the provisions of the Companies Act, 2013 and rules prescribed therein, as amended from time to time and as per the Listing Agreement with Stock Exchange(s), as amended from time to time and/or such other statutory notification, amendment or modification, as may be applicable.

### **RESPONSIBILITIES AND DUTIES**

The Committee shall undertake the specific duties and responsibilities listed below and shall also undertake such other duties as the Board prescribes from time to time. Specific duties and responsibilities of the Committee include:

1. Formulating the criteria for determining qualifications, positive attributes and independence of a director.
2. Identify persons who are qualified to become Directors and who may be appointed in Senior Management and as KMPs of the Company in accordance with the criteria laid down, recommend to the Board their appointment and removal.
3. Recommending to the Board a policy relating to the remuneration of the Directors, Senior Management, KMP and other employees, as may be applicable.
4. Formulating criteria for evaluation of independent Directors and the Board and carry out evaluation of every Director's performance.

5. Devising a policy on Board diversity.
6. Ensuring that level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully.
7. Ensuring the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
8. Recommend to the board, all remuneration, in whatever form, payable to senior management.
9. Consider and recommend the extension or continuation of the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
10. Carrying out any other function as is mandate by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.
11. Performing such other functions as may be necessary or appropriate for the performance of its duties.

## POWERS

In discharging its responsibilities and duties, the powers of the Committee will include:

1. Authority to retain, compensate and terminate any external firm to be used to identify Directors, Senior Management person, KMP, etc.
2. Identifying, screening and reviewing individuals qualified to serve as Directors and recommending to the Board candidates for nomination to fill Board vacancies/additions.
3. Conducting or authorizing studies of matters within the Committee's scope of responsibility with full access to all books, records, facilities and personnel of the Company.
4. To retain outside counsel for these activities, if required and determine the compensation.
5. To sub-delegate such power and authority as the Committee deems appropriate with the purpose of meeting its objectives and duties within the scope of its terms of reference. The Committee shall, however not delegate any power or authority required by law, regulation or listing standards to be exercised solely by the committee as a whole.

## **MEMBERSHIP**

The Committee shall consist of at least three directors, all of whom shall be non-executive directors and at least two-thirds of the directors shall be independent directors.

The Chairman of the committee shall be an Independent Director.

The members of the Committee shall be appointed by the Board of Directors. The Board has the power to constitute/reconstitute the Committee consistent with the Company's policy and applicable law/regulations.

## **MEETINGS**

The Committee will meet at least once in a year , in person and/or telephonically and/or video conferencing or by other audio visual means. Any member may call a meeting of the Committee.

All meetings of the Committee shall be presided over by the Chairman of the Committee. Other Directors, employees or such persons a may be deemed appropriate by the Chairman/Member(s) of the Committee may be invited to attend the meeting(s).

## **QUORUM**

The quorum for meetings of the Committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.

The participation of the Directors by video conferencing or by other audio visual means shall also be counted for the purposes of quorum.

## **MINUTES**

The Committee shall maintain written minutes of its meetings, including any formal discussions and taking on record any action taken by written consent, which shall be presented to the Board and shall be part of minutes of the Board Meeting.

## **COMPENSATION TO COMMITTEE MEMBERS**

The Company shall not pay any remuneration to the Committee Members except sitting fees for each meeting of the Committee attended by the members, as may be determined by the Board from time to time.

## **APPLICABILITY**

The Policy is applicable to:

1. The Board of Directors of the Company
2. KMPs of the Company
3. Senior Management of the Company
4. Such other person(s) as may be decided by Board or prescribed by the law time being in force

## **EFFECTIVE DATE**

This policy shall be effective from 2<sup>nd</sup> December, 2015 including the amendment, modification or , revision by the Board of Directors of the Company from time to time.

## **GUIDELINES FOR APPOINTMENT AND REMOVAL OF DIRECTORS, KMP AND SENIOR MANAGEMENT**

### **• Appointment criteria and qualifications:**

1. The Committee shall identify and determine the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/her appointment.
2. A person should possess requisite qualification, expertise and experience for the position he/she is considered for appointment. The committee has discretion to decide whether the qualification, expertise and experience possessed by a candidate are adequate for the concerned proposed position.
3. The Company shall not appoint or continue the employment of any person as Whole-time Director 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 and compliance of applicable provisions of law/regulations.
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 to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee 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.

- **Term/Tenure:**

**I. Managing Director/Whole-time Director:**

The Company shall appoint/repoint 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.

**II. 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 for another term of five years on passing of a special resolution by the members of the Company, subject to the compliance of applicable law/regulations/ listing agreement etc.

No Independent Director shall hold office for more than two consecutive terms, 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. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 29<sup>th</sup> September, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he/she shall be eligible for appointment for a term of five years only.

A person may be appointed as an Independent Director, only if the proposed appointment is within the limits prescribed under law/regulations/listing agreement to act as an Independent Director by such person in any listed Company including Lead Financial Services Limited.

**III. Evaluation:**

The Committee shall carry out need based evaluation of performance of every Director, KMP and Senior Management Personnel at regular intervals.

**IV. Removal:**

The Committee, if think fit, may recommend removal of a Director, KMP or Senior Management personnel to the Board with reasons recorded in writing due to any disqualification mentioned in the companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, Company policy, subject to the provisions and compliance of the said Act, rules and regulations, Company policy.

## **V. Retirement (excluding retire by rotation):**

A Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the extant 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, subject to the recommendation of the Committee.

### **GUIDELINES RELATING TO THE REMUNERATION FOR THE WHOLE - TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL:**

#### **General:**

1. The remuneration/compensation/commission etc. to the whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration/compensation /commission etc. shall be subject to the terms of appointment and/or prior/post approval of the shareholders of the Company and Central Government, wherever required.
2. The remuneration and commission to be paid to Whole-time Director(s) shall be in accordance with the percentage / slabs / conditions laid down in terms of appointment approved by the Board or shareholders, as the se may be and as per the provisions of the Companies Act, 2013, and the rules made thereunder.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders/central government, if applicable. Increments will be effective as per the terms of appointment or 1<sup>st</sup> April as the case may be, subject to compliance of applicable law/regulations, HR policy of the Company.
4. Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the compliance Officer 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.

#### **Remuneration to Whole-time/ Executive/ Managing Director, KMP and Senior Management Personnel:**

##### **1. Fixed & Incentive pay:**

The Whole-time Director / 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, subject to compliance of applicable law/regulations. The breakup of the pay scale and quantum of perquisites 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 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, with the previous approval of the Central Government.

## **3. Provisions for excess remuneration:**

If any Whole-time Director 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 prior sanction of the Central Government, where required, he / she shall refund such excess remuneration to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sums refundable to it unless permitted by the Central Government.

### **• Remuneration to Non-Executive /Independent Director(s):**

#### **1. Remuneration /Commission:**

The remuneration/commission may be fixed as per the slabs and conditions mentioned in the Companies Act, 2013 and the rules made thereunder.

#### **2. Sitting Fees:**

The Non-Executive/ Independent Director(s) may receive remuneration by way of sitting fees of such amount as may be approved by the Board from time to time for attending meetings of Board or Committee thereof; Provided that the amount of such sitting fees shall not exceed Rupees One lakh per meeting of the Board or Committee such amount as may be prescribed by the Central Government from time to time.

#### **3. Commission:**

Commission may be paid within the monetary limit approved by shareholders, subject to the limit prescribed under the provisions of the Companies Act, 2013.

#### **4. Stock Options:**

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

## GLOSSARY

Board	Board of Directors of the Company
Directors	Directors of the Company
Committee	Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board
Independent Director	As prescribed in the Companies Act, 2013 and rules therein and Listing Agreement with Stock Exchange, as may be amended from time to time.
Senior Management	Means and includes the Executive Directors, the Chief Financial Officer the Compliance Officer and such other officer as may be prescribed by Board or under the applicable statutory provisions/regulations.
KMP	<ol style="list-style-type: none"> <li>1. The Chief Executive Officer or the Managing Director or the Manager</li> <li>2. The Compliance Officer;</li> <li>3. The Whole-time Director;</li> <li>4. The Chief Financial Officer; and</li> <li>5. Such other officer as may be prescribed by Board or under the applicable statutory provisions/regulations.</li> </ol>

Unless the context otherwise requires, words and expressions used in this policy and not defined therein but defined in the Companies Act, 2013 and rules prescribed therein, as may be amended from time to time and per the Listing Agreement with Stock Exchange(s) may be amended from time to time shall have the meaning respectively assigned to them therein.