

# **NOMINATION AND REMUNERATION POLICY OF LOHIA SECURITIES LTD.**

## **INTRODUCTION**

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel and employees of the Company, to harmonize the aspirations of human resource consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, this policy on Nomination and Remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management has been formulated.

## **NOMINATION POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT**

### **I. Preamble**

The Nomination and Remuneration Committee of Lohia Securities Limited has adopted the following policy and procedures with regard to identification and nomination of persons who are qualified to become directors and who may be appointed to senior management.

This policy is framed in compliance with the applicable provisions of Regulation 19 read with Part D of the Schedule II of SEBI (Listing Obligations and Disclosure Regulations, 2015 ("The Regulations") and Section 178 and other applicable provisions of the Companies Act, 2013.

### **II. Criteria for identifying persons for appointment as Directors and Senior Management**

#### **A. Directors**

1. Candidates for Directorship should possess appropriate qualifications, skills and expertise in one or more fields of finance, law, securities market, general corporate management, information management, science and innovation, public policy, financial services, sales and marketing and other disciplines as may be identified by the Nomination and Remuneration Committee and/ or the Board from time to time, that may be relevant to the Company's business.
2. Such candidates should also have a proven track record of professional success.
3. Every candidate for Directorship on the Board should have the following positive attributes:
  - a) Possesses a high level of integrity, ethics, credibility and trustee worthiness;
  - b) Ability to handle conflict constructively and possess the willingness to address critical issues proactively;
  - c) Is familiar with the business of the Company and the industry in which it operates and displays a keen interest in contributing at the Board level to the Company's growth in these areas;
  - d) Possesses the ability to bring independent judgement to bear on the Board's deliberations especially on issues of strategy, performance, risk management and resource planning;
  - e) Displays willingness to devote sufficient time and attention to the Company's affairs.
  - f) Values Corporate Governance and possesses the skills and ability to assist the Company in implementation good corporate governance practices;
  - g) Possesses leadership skills and is a team player
4. Criteria for Independence applicable for selection of Independent Directors
  - a) Candidates for Independent Directors on the Board of the Company should comply with the criteria for Independence as stipulated in the Companies Act, 2013 and the Regulations, as amended or re-enacted or notified from time to time. Such candidates should also comply with other applicable regulatory requirements relating to Independence or as may be laid down by the Board from time to time.
  - b) Such candidates shall submit a declaration of Independence to the Nomination and Remuneration Committee/ Board initially and thereafter, annually, based upon which, the Nomination and Remuneration Committee/ Board shall evaluate compliance with this criteria for independence.

5. Change in Status of Independence

Every Independent Director shall be required to inform the Nomination and Remuneration Committee/ Board immediately in case of any change in circumstances that may put his or her independence in doubt, based upon which, the Nomination and Remuneration Committee/ Board may take such steps as it may deem fit in the best interest of the Company.

6. Extension of existing term of Independent Directors

Upon the expiry of the prevailing term and subject to the eligibility of the Independent Directors under the applicable provisions of the Act, Rules, Listing Regulations and other applicable laws, as prevailing from time to time, the Board may, on the recommendations of the Nomination and Remuneration Committee and subject to the outcome of performance evaluation and in compliance with applicable regulatory requirements, at its discretion, recommend to the shareholders as extension or renewal of the ID's existing term for such period as it may deem fit and proper, in the best interest of the Company.

**B. Members of Senior Management**

1. For the purpose of this Policy the term "Senior Management means all executives of the Company who are heading any business or function of the Company.
2. The eligibility criteria for appointment to Senior Management and continuity thereof shall include integrity and ethics, in addition to possessing qualifications, expertise, experience and special competencies relevant to the position for which purpose the executive is being or has been appointed.
3. Any candidate being considered for the post of Senior Management should be willing to comply fully with the LSL- Code of Conduct for Senior Management and LSL- Code of Conduct for Prevention of Insider Trading and other applicable policies, in force from time to time.

**III. Process for Identification & Shortlisting of candidates**

**A. Directors**

1. The Nomination and Remuneration Committee shall indentify the need for appointment of new Directors on the Board on the basis of the evaluation process for Board as a whole and of individual Directors or as it may otherwise determine.
2. Candidates for Board Membership may be identified from a number of sources, including but not limited to past and present members of the Board and Directors Database.
3. Nomination and Remuneration Committee shall evaluate proposals for appointment of new Directors on the basis of qualification criteria and positive attributes referred to hereinabove and make its recommendations to the Board.

**B. Members of Senior Management**

1. The Nomination and Remuneration Committee shall consider the recommendation of the management while evaluating the selection of executives in Senior Management. The Nomination and Remuneration Committee may also identify potential candidates for appointment to Senior Management through referrals and recommendations from past and present members of the Board or from such other sources as it may deem fit and proper.
2. The Nomination and Remuneration Committee shall evaluate proposals for appointments to Senior Management on the basis of eligibility criteria referred to hereinabove and such other criteria as it may deem appropriate.
3. Based in such evaluation, the Nomination and Remuneration Committee shall shortlist the desired candidate and make its recommendations to the Board for appointment.

**IV. Removal**

**A. Directors**

1. If a Directors incurs any disqualification mentioned under the Companies Act, 2013 or any other applicable law, regulations, statutory requirement, the Nomination and Remuneration Committee may recommend to the Board with reasons, recorded in writing, the removal of the said Director subject to the provisions of and compliance with the statutory provisions.

2. Such recommendations may also be made on the basis of performance evaluation of the Directors or as may otherwise be thought fit by Nomination and Remuneration Committee.

**B. Members of Senior Management**

1. The Nomination and Remuneration Committee shall consider the recommendation of the management while making recommendations to the Board for dismissal/ removal of those in Senior Management.
2. Such recommendation may also be made on the basis of performance evaluation of members of Senior Management to the extent applicable or as may otherwise be thought fit by Nomination and Remuneration Committee.

**V. Review**

The Nomination and Remuneration Committee shall periodically (at least on an annual basis) review the effectiveness of this Policy and recommend any revisions that may be required to this Policy to the Board for consideration and approval.

## **REMUNERATION POLICY FOR THE DIRECTORS, KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT AND OTHER EMPLOYEES**

### **I. PREAMBLE**

1.1 The Nomination and Remuneration Committee of Lohia Securities Limited has adopted the following policy and procedures with regard to remuneration of Directors, Key Managerial Personnel and other employees.

1.2 The Remuneration Policy is framed in compliance with the applicable provisions of Regulation 19 read with Part D of the Schedule-II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178 and other applicable provisions of the Companies Act, 2013.

### **II. DESIGN OF REMUNERATION PACKAGES**

2.1 While designing remuneration packages, the following factors are taken into consideration:

- a) To ensure that the level and composition of remuneration is in line with other companies in the industry, sufficient to attract and retain right talent, at all levels and keep them motivated enough to meet the organizational objectives.
- b) To ensure that a reasonable balance is maintained in terms of composition of remuneration (fixed and variable component).
- c) To have performance measurement parameters in place to assess the overall performance of Directors, KMPs, Members of Senior Management and other employees.

Based on the above objectives and broad parameters set herein, the Board of Directors of the Company at its meeting held on February 4, 2017, approved this Policy.

### **III. REMUNERATION TO DIRECTORS**

#### **A. Remuneration of Non-executive / Independent Directors**

- Sitting fees: The Non-Executive/ Independent Director receive remuneration in the form of sitting fees for attending meeting of the Board or Committee thereof of the Company and its subsidiaries where such Director may be so appointed. The Independent Directors also receive sitting fees for attending separate meetings of the Independent Directors. It is subject to overall limit as prescribed in the Companies Act, 2013 and Rules made there under and the approval of the shareholders, as applicable. The Independent Directors shall not be eligible for stock options. However Non Executive Directors are not eligible for stock options.
- Commission: Commission may be paid within the monetary limit approved by shareholders subject to compliance with applicable regulatory requirements.

#### **B. Remuneration of Whole-time Directors**

1. The remuneration to be paid to the Whole-time Directors shall be in compliance with the applicable regulatory requirements, including such requisite approvals as required by law.
2. Increments may be recommended by the Committee to the Board which shall be within applicable regulatory limits.
3. The Board may at the recommendation of the Nomination and Remuneration Committee and its discretion, may consider the payment of such additional remuneration within the framework of applicable laws and regulatory requirements.

#### **IV. REMUNERATION TO KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT**

Remuneration to Key Managerial Personnel and other Senior Management shall be as per the Human Resource Policy of the Company in force from time to time and in compliance with applicable regulatory requirements. Total remuneration comprises of:

- i. A fixed Basic Salary
- ii. Perquisite as per Company Policy
- iii. Retirement benefits as per Company Rules and statutory requirements
- iv. Performance linked incentives (on an annual basis) based on the achievement of pre-set target and long term incentives based on value creation.

#### **V. REMUNERATION TO OTHER EMPLOYEES**

The remuneration packages of other employees are also formulated in accordance with HR Policy of the Company in force from time to time. In addition to basic salary and other components forming part of overall salary packages, employees are also provided with perquisites and retirement benefits, as per the HR policy of the Company and statutory requirements, where applicable.

#### **VI. Disclosure**

As per existing applicable regulatory requirements, the Remuneration Policy shall be disclosed in the Board's Report.

#### **VII. REVIEW**

The Nomination and Remuneration Committee shall periodically (at least on an annual basis) review the effectiveness of this Policy and recommend any revisions that may be required to this Policy to the Board for consideration and approval