

# **LKP FINANCE LIMITED**

## **NOMINATION AND REMUNERATION POLICY AND SELECTION CRITERIA & DUE DILIGENCE OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT OF LKP FINANCE LIMITED**

### **1. *Preamble***

- 1.1. This Nomination and Remuneration Policy is being formulated in terms of section 178 (1) of the Companies Act, 2013, read with regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (hereinafter referred to as “SEBI LODR 2015”) as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.
- 1.2. This policy shall act as guidelines on matters relating to the remuneration, sittings fees, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel and Senior Management.

### **2. *The Constitution and Terms of reference of NRC Committee***

- 2.1. The Board has the power to constitute / reconstitute the Committee from time to time in order to make it consistent with policies and applicable statutory requirements of the Company.

### **3. *Key Role of NRC***

- 3.1. To formulate the criteria with respect to qualifications, positive attributes and independence of a director for appointment
- 3.2. To recommend to the board a policy, relating to the remuneration for the executive directors, key managerial personnel.
- 3.3. To formulate the criteria to carry out evaluation of director’s performance.
- 3.4. To formulate the criteria for appointed for key managerial personnel.
- 3.5. To evaluate the performance of the Members of the Board and provide necessary report to the Board;
- 3.6. To suggest succession plan for the Board, if it so required;
- 3.7. To recommend on diversity of the Board
- 3.8. To do such role as prescribed by the Companies Act, 2013 and SEBI LODR, 2015 and Reserve Bank of India as amended from time to time.

**4. Policy Guidelines and selection criteria and other positive attributes for appointment, re-appointment selection of Board Members in compliance with provision of the Companies Act, 2013 and SEBI LODR, 2015, Listing Agreement and also regulatory framework prescribed by Reserve Bank of India.**

4.1. The Selection criteria and positive attributes is as follows:-

4.1.1. For appointment of any director or director seeking reappointment, his / her updated profile shall be submitted to members of the Nomination and Remuneration Committee (NRC). Profile should content details of contribution made by the member of the board seeking reappointment in his role of member of the board and committees.

4.1.2. The NRC shall ensure that proposed director shall meet with the criteria as laid down in the Companies Act, 2013 read with rules made thereunder as amended from time to time and also regulation as prescribed by Reserve Bank of India.

4.1.3. NRC to examine detailed profile of the proposed director including meeting with him and ask for further information and to ensure see whether its meets the below mentioned applicable criteria / parameters.

4.1.4. To see existing Director Director's Contribution in the Board Meetings and Committee Meetings and General Body Meetings.

4.1.5. To see the existing director performance in regularly attending the attending the Board Meetings and Committee Meetings etc.

4.1.6. To see the proposed Director brings fresh perspective to help the Company adopt suitable approach and direction for the future.

4.1.7. To see the existing / proposed Director are not convicted by any court, authority etc.

4.1.8. To see the existing / proposed director enjoys a good reputation in the industry.

4.1.9. To see the existing / proposed director shall not be lunatic or of unsound mind or declared insolvent.

4.1.10. To ensure that the Age criteria of all directors shall be as per applicable guidelines of Reserve Bank of India (RBI) or as prescribed by the Companies Act, 2013 from time to time or as prescribed by SEBI Laws, or as prescribed by any other regulator / authority / law if any, as applicable.

4.1.11. To examine that existing / proposed Director has willingness to contribute to strategy and to

help executives on strategy and other matters, as necessary.

- 4.1.12. To examine that existing / proposed Director has willingness to adapt to business, its market sectors and also role of Director.
- 4.1.13. To examine that existing / proposed Director is capable of exercising Independence of mind.
- 4.1.14. To examine that existing / proposed Director monitor results and operational parameters and press for appropriate corrective action when necessary.
- 4.1.15. To examine that existing / proposed Director participate in board decisions on major issues of business development.
- 4.1.16. To examine that existing / proposed Director has sufficient time to devote to the needs of the business.
- 4.1.17. To examine that existing / proposed Director has ability to contribute to financial issues.
- 4.1.18. To examine that existing / proposed Director carry out specific functions as assigned via Board / COB committees.
- 4.1.19. To ensure that every person proposed to be appointed as a Director he is not disqualified to become a director under this Companies Act 2013 in terms of section 152(6) of the Companies Act, 2013.
- 4.1.20. To ensure that in case of an Independent Director, obtain "Certificate of Independence" pursuant to Section 149 of the Companies Act, 2013 and "Declaration in terms of in terms of SEBI LODR, 2015.
- 4.1.21. To ensure that proposed director should disclose relationship with board members or with any KMP or with any employee or with any firm discharging auditing services to the company
- 4.1.22. To ensure to have information and declaration to "Fit and Proper Criteria Declaration" as prescribed by RBI from time to time.
- 4.1.23. To scrutinize the declarations submitted by the existing / proposed Director.
- 4.1.24. To obtain annually as on 31<sup>st</sup> March a declaration from the directors that the information already provided has not undergone change and where there is any change; requisite details are furnished by them forthwith.
- 4.1.25. To ensure that director once appointed shall execute the deeds of covenants in the format prescribed by the RBI.

- 4.1.26. To give recommendation to the Board that an independent director shall hold office for a term up to five consecutive years on the Board of a company, but shall be eligible for re-appointment on passing of a special resolution by the company and disclosure of such appointment in the Board's report and shall hold office for more than two consecutive terms.
- 4.1.27. To give recommendation in the opinion of NRC that the proposed appointment of an independent director fulfils the conditions specified in this Companies Act 2013 for such an appointment to enable the Board to give statement that proposed appointment fulfils the conditions specified in this Companies Act 2013 for such an appointment.
- 4.1.28. NRC to seek confirmation from Company Secretary that proposed appointment of Independent Director is not in contravention of provisions of section 149(6) of the Companies Act, 2013 read with rules made thereunder read with SEBI LODR, 2015.
- 4.2. The Nomination and Remuneration committee recommends below remuneration by way of sitting fee for attending meetings of Board in compliance of applicable provisions of the Companies Act, 2013 read with rules made.

**5. *Remuneration and sittings fees to Directors and Remuneration to Key Managerial Personnel (KMP), Senior Management Personnel and other Employees***

- 5.1. All Directors whether Executive or Non-Executive Directors shall get Sitting Fees of Rs. 5000/- fixed for attending each Board Meeting. .
- 5.2. No directors shall get any fees for attending the various Committees of the Board as constituted / rec-constituted from time to time.
- 5.3. In compliance with Companies Act, 2013 read with rules made thereunder, the Board of Directors as per their discretion are entitled to have separate consulting contracts / agreement with any of our Directors or with any entity / companies / firms / LLP etc. wherein our directors have direct or indirect interest or relationship as defined in Companies Act, 2013
- 5.4. The Key Managerial Personnel, Senior Management, Personnel and other employees shall be paid remuneration as per the Compensation and Benefit policy of the Company as revised through the Annual Salary Review process from time to time

**6. *Amendments to the Nomination and Remuneration Policy:***

- 6.1. The Board of Directors on its own and/or as per the recommendations of Nomination and Remuneration Committee can amend this policy, as deemed fit from time to time.

6.2. The Policy shall be reviewed on or before February 2018.

**7. *Disclosure of Nomination and Remuneration Policy***

7.1. The policy of the committee to be disclosed in the board's report and wherever required as per Companies Act 2013 read with SEBI LODR, 2015 of Directors, Key Managerial Personnel and Senior Management .

=====