

## NOMINATION AND REMUNERATION POLICY

Lakeshore Hospital & Research Centre Ltd., (hereinafter described as “the Company”) is a super specialty tertiary level hospital delivering state-of-the-art medical care over the last twelve years. The hospital has gained reputation locally, nationally and internationally.

As prescribed under Section 178 of the Companies Act, 2013 and Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Company is required to have a Nomination and Remuneration Committee (N&RC) consisting of three or more non-executive directors out of which not less than one-half shall be Independent Directors.

Accordingly, the Board of Directors of the company at their meeting held on March 26, 2015 reconstituted the N & RC with 3 non executive directors, Chaired by an Independent Director.

This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the N&RC and has been approved by the Board of Directors at their meeting held on June 13, 2015.

### DEFINITIONS

**“Remuneration”** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;

**“Key Managerial Personnel” (KMP)** means:

- i) Managing Director, or Chief Executive Officer and in their absence, a Whole-time Director,
- ii) Chief Financial Officer;
- iii) Company Secretary; and
- iv) Such other officer as may be prescribed.

**“Senior Managerial Personnel” (SMP)** mean the personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management, of rank equivalent to General Manager and above, including all functional heads.

### OBJECTIVE

The objective of the policy is to ensure that:

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors / KMP’s / SMP’s of the quality required to run the Company / Hospital successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

- 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 / Hospital and its goals.

### **ROLE OF THE COMMITTEE**

The role of the N & R C will be the following:

- To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- To formulate criteria for evaluation of Independent Directors and the Board.
- To identify persons who are qualified to become Directors and who may be appointed as Senior Managerial personnel in accordance with the criteria laid down in this policy.
- To carry out evaluation of Director's performance.
- To recommend to the Board the appointment and removal of Directors and Senior Managerial personnel.
- To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Managerial Personnel.
- To devise a policy on Board diversity, composition and size.
- Succession planning for replacing Key Managerial Personnel and Senior Managerial Personnel and overseeing.
- 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.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

### **APPOINTMENT AND REMOVAL OF DIRECTOR, KMP's and SMP's**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or as Senior Managerial Personnel and recommend his / her appointment, as per Company's Policy.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.

The Company shall not appoint or continue the employment of any person as Managing / 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.

## **TERM / TENURE**

### **a) Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its, Managing Director or Whole-time 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.

### **b) Independent Director:**

An Independent Director shall be a person duly qualified to be appointed as such as per the provisions of the Companies Act, 2013 and the applicable Rules there under and shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of up to maximum of 5 years each, 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.

At the time of appointment of Independent Director it should be ensured that number of Boards of companies on which such Independent Director appointed is restricted to the maximum permissible under Section 165 of the Companies Act, 2013.

## **EVALUATION**

The Committee shall carry out evaluation of performance of Directors, KMP and SMP's yearly or at such intervals as may be considered necessary.

## **REMOVAL**

The Committee may recommend with reasons recorded in writing, removal of a Director, KMP or SMP's subject to the provisions and compliance of the Companies Act, 2013, rules and regulations and the policy of the Company.

## **RETIREMENT**

The Director, KMP and SMP's shall retire as per the applicable provisions of the Act 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.

## **POLICY FOR REMUNERATION TO DIRECTORS/KMP/SMP's**

### **1) Remuneration to Managing Director / Whole-time Directors:**

a) The Remuneration, perquisites etc. to be paid to Managing Director / Whole-time Directors etc. shall be governed as per provisions of the Companies Act, 2013 and rules

made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.

- b) The N & R C shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

## **2) Remuneration to Independent Directors:**

- a) The Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the N & R C and approved by the Board of Directors.
- b) All the remuneration of the Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling / limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the N & R C and approved by the Board of Directors or shareholders, as the case may be.
- c) An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.
- d) Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
  - a) The Services are rendered by such Director in his capacity as the professional; and
  - b) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.
- e) The Compensation Committee of the Company, constituted for the purpose of administering the Employee Stock Option/Purchase Schemes, shall determine the stock options and other share based payments to be made to Directors (other than Independent Directors).

## **3) Remuneration to KMP's:**

- a) The remuneration to KMP's shall consist of salary and perquisites in compliance with the provisions of the Companies Act, 2013 and as decided by the Board of Directors of the Company from time to time.
- b) The Compensation Committee of the Company, constituted for the purpose of administering the Employee Stock Option / Purchase Schemes, shall determine the stock options and other share based payments to be made to KMP's.
- c) The remuneration package shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund and other statutory dues, if any, as decided from time to time.

**4) Remuneration to SMP's:**

- a) The remuneration to SMP's shall consist of salary and perquisites in compliance with the provisions of the Companies Act, 2013 and as decided by the Board of Directors of the Company from time to time.
- b) The Compensation Committee of the Company, constituted for the purpose of administering the Employee Stock Option / Purchase Schemes, shall determine the stock options and other share based payments to be made to SMP's.
- c) The remuneration package shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, and other statutory dues, if any, as decided from time to time.

**IMPLEMENTATION**

- The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- The Committee may Delegate any of its powers to one or more of its members.

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