



LOTUS



LOTUS EYE HOSPITAL AND INSTITUTE LIMITED

Nomination & Remuneration Policy



1. Preamble

- 1.1 Sub-section (3) of Section 178 of the Companies Act, 2013 and Listing Agreement states that the Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- 1.2 The Policy provides a framework for remuneration to the members of the Board of Directors (“Board”), and the Key Managerial Personnel (“KMP”) of the Company.
- 1.3 The Members of the Nomination and Remuneration Committee shall be appointed by the Board and shall comprise of three or more non-executive directors out of which not less than one-half shall be independent directors. Any fraction in the one-half shall be rounded off to one.
- 1.4 This Policy will be called “Lotus Nomination & Remuneration Policy” and referred to as “the Policy”.
- 1.5 The Policy will be reviewed at such intervals as the Nomination and Remuneration Committee will deem fit.

2. Objectives

The objectives of the Policy are as follows:

- 2.1 To set criteria for determining qualifications, positive attributes and independence of a director, and their remuneration.
- 2.2 To enable the Company to attract, retain and motivate highly qualified members for the Board to run the Company successfully.
- 2.3 To enable the Company to provide a well-balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations.
- 2.4 To ensure that the interests of Board members are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the company.
- 2.5 To ensure that remuneration to directors and KMP of the Company involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.



3. Principles of Remuneration

3.1 Support for Strategic Objectives: Remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, and supports and reinforces the achievement of the Company's vision and strategy.

3.2 Transparency: The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.

3.3 Affordability and Sustainability: The Company shall ensure that remuneration is affordable on a sustainable basis.

4. Terms of Reference and Role of the Committee

The Nomination and Remuneration Committee shall:

4.1 identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down. Further it has been attached with a wider responsibility of carrying out evaluation of every director's performance.

4.2 to recommend to the Board the appointment and removal of directors and senior management personnel;

The expression 'senior management' has been defined vide Explanation to sub-section (8) of section 178 of the 2013 Act. Senior management of the Company shall consist of:

4.2.1 Those identified by the Company as forming part of the core management team;

4.2.2 Senior management (other than Board of Directors/ Board) who are one level below the executive directors;

4.2.3 Functional heads (even though they may not be more than one level below the executive directors).

4.3 formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

While formulating the policy, the Committee shall consider the following:



- 4.3.1 the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
 - 4.3.2 relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - 4.3.3 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 and its goals.
- 4.4 formulation of criteria for evaluation of performance of independent directors and the board of directors;
 - 4.5 devising a policy on diversity of board of directors;
 - 4.6 whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
 - 4.7 To consider other matters, as from time to time, be referred to it by the Board.

5. Procedure for selection and appointment of the Board Members

5.1 Board membership criteria:

- 5.1.1 The Committee, along with the Board, shall review on an annual basis, appropriate skills, characteristics and experience required of a Board Member. The objective is to have a Board with diverse background and experience in such business, government, academics, technology and in areas that are relevant for the Company's global operations.
- 5.1.2 In evaluating the suitability of individual Board members, the Committee shall take into account many factors, including general understanding of the Company's business dynamics, global business and social perspective, educational and professional background and personal achievements. Directors must possess experience at policy-making and operational levels that will indicate their ability to make meaningful contributions to the Board's discussion and decision-making in the array of complex issues facing the Company.
- 5.1.3 Director should possess the highest personal and professional ethics, integrity and values. They should be able to balance the legitimate interest and concerns of all



the Company's stakeholders in arriving at decisions, rather than advancing the interests of a particular constituency.

5.1.4 In addition, Directors must be willing to devote sufficient time and energy in carrying out their duties and responsibilities effectively. They must have the aptitude to critically evaluate management's working as part of a team in an environment of collegiality and trust.

5.1.5 The Committee shall evaluate each Director with the objective of having a group that best enables the success of the Company's business.

5.2 Selection of Board Members/ extending invitation to a potential director to join the Board:

5.2.1 One of the roles of the Committee is to periodically identify competency gaps in the Board, evaluate potential candidates as per the criteria laid above, ascertain their availability and make suitable recommendations to the Board. The objective is to ensure that the Company's Board is appropriate at all points of time to be able to take decisions commensurate with the size and scale of operations of the Company. The Committee also identifies suitable candidates in the event of a vacancy being created on the Board on account of retirement, resignation or demise of an existing Board member. Based on the recommendations of the Committee, the Board evaluates the candidate(s) and decides on the selection of the appropriate member.

5.2.2 The Board then shall make an invitation (verbal / written) to the new member to join the Board as a Director. On acceptance of the same, the new Director may be appointed by the Board.

6. Procedure for selection and nomination of KMP

6.1 The Chairman and the Head of Human Resource (HR) Department shall identify and appoint suitable candidates for appointing them as KMPs (excluding Executive Directors) of the Company on the basis of their academic, professional qualifications, relevant work experience, skill and other capabilities suitable to the position of concerning KMP.

6.2 Further, in case of KMP (excluding Executive Director) appointment, approval of the Board of Directors/concerned Committee shall be taken in accordance with provisions of relevant Act, statutes, regulations etc. existing as on that date. The appointment and/or removal of KMPs shall be placed before the NRC and/or Board of Directors at regular intervals.



7. Compensation Structure

7.1 Remuneration to Non-Executive Directors:

- 7.1.1 The Directors of the company are paid remuneration by way of fees only for attending the meetings of the Board of Directors and its Committees. The fees paid to the Directors for attending Board/Committee meetings of Board of Directors shall be such as may be determined by the Board within the limit prescribed under the Companies Act, 2013 (which is currently Rs. 100000/- per meeting). Beside the sitting fees, they may also be entitled to reimbursement of expenses for attending the meetings.
- 7.1.2 The sitting fees of the Directors for attending meetings of Board of Directors and the Committees thereof may be modified from time to time only with the approval of the Board in due compliance of the provisions of Companies Act, 2013 and amended from time to time.
- 7.1.3 An Independent Director shall not be entitled to any stock option and may receive remuneration only by way of sitting fees and reimbursement of expenses for participation in meetings of the Board or Committee thereof.
- 7.1.4 If any such director draws or receives, directly or indirectly, by way of fee/remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, under the applicable law such remuneration shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company.

7.2 Remuneration to Executive Directors, and Key Managerial Personnel(s) (KMPs) of the Company:

- 7.2.1 The Company has a credible and transparent framework in determining and accounting for the remuneration of the Managing Director / Whole Time Directors (MD/WTDs) and Key Managerial Personnel(s) (KMPs). Their remuneration shall be governed by the external competitive environment, track record, potential, individual performance and performance of the company as well as industry standards. The remuneration determined for MD/WTDs shall be approved by the Board of Directors at a meeting which shall be subject to the approval of members at the next general meeting of the Company and by the Central Government in case such appointment is at variance to the conditions specified in Schedule V of the Companies Act, 2013. As a policy, the Executive Directors are not paid any fees for attending the Board and/or Committee meetings.
- 7.2.2 If any Director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limit as prescribed or without



the prior sanction, where it is required, under the Applicable law, such remuneration shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company.

7.2.3 A Director who is in receipt of any commission from the Company and who is a managing or whole-time director of the Company may receive any remuneration or commission from any holding or subsidiary company of the Company, subject to its disclosure by the Company in the Board's report.

7.2.4 The remuneration (including revision) of KMPs (excluding Executive Directors) shall be determined by the Chairman and Head of Human Resource (HR) Department after taking into consideration the academic, professional qualifications, work experience, skill, other capabilities and industry standards.

Further, the remuneration (including revision) of KMPs (excluding Executive Directors) shall also be subject to approval of the Board of Directors/ Concerned Committees, if stipulated by any Act, statute, regulations etc.

8. Powers of the Committee and Meetings of the Committee

The Committee shall have inter-alia the following powers:

- 8.1 Conduct studies or authorize studies of issues within the scope of the Committee with full access to all books, records, facilities and personnel of the Company;
- 8.2 Retain or seek advice of consultants and experts for performance of their role under this Policy and the costs relating thereto shall be borne by the Company;
- 8.3 Delegate its powers to any Member of the Committee or any KMP of the Company or form sub-committees to perform any of its functions or role under this Policy.
- 8.4 The Committee shall meet at least once in a year. Additional meetings may happen as the Committee deems it appropriate.

9. Approval and publication

- 9.1 This Policy as framed by the Committee shall be recommended to the Board of Directors for its approval.
- 9.2 The Policy shall form part of Director's Report as required under Section 178(4) of the Companies Act, 2013.

10. Secretary

The Company Secretary of the Company shall act as the Secretary to the Committee.



11. Minutes of the Committee Meetings

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

12. Supplementary provisions

12.1 This Policy shall formally be implemented from the date on which they are adopted pursuant to a resolution of the Board of Directors.

12.2 Any matters not provided for in this Policy shall be handled in accordance with relevant laws and regulations, and the Company's Articles of Association.

12.3 The right to interpret this Policy vests in the Board of Directors of the Company.
