

## LEAP INDIA LIMITED

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### NOMINATION & REMUNERATION POLICY

#### 1. PREAMBLE

LEAP India Limited (the “**Company**”) has formulated this Nomination and Remuneration Policy (“**Policy**”) to provide a framework for remuneration of members of the board of directors (the “**Board**”) of the Company, key managerial personnel, Senior Management and other employees of the Company.

This Policy is guided by the principles and objectives as enumerated in Section 178 (3) of the Companies Act, 2013 and the rules made thereunder, each as amended (the “**Act**”) and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**Listing Regulations**”), to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company.

This Policy reflects the remuneration philosophy and principles of the Company and considers the pay and employment conditions with peers / competitive market to ensure that pay structures are appropriately aligned.

#### 2. DEFINITIONS

- 2.1. “**Applicable Law(s)**” include any statute, law, regulation, ordinance, rule, judgment, order, decree, bye-law, clearance, directive, guideline, notification and clarification issued by any governmental or statutory or regulatory authority or other governmental instruction and/or mandatory standards, as may be applicable to the Company, and as amended from time to time.
- 2.2. “**Chief Executive Officer**” shall have the same meaning as assigned to it under the Act, and under the Listing Regulations.
- 2.3. “**Chief Financial Officer**” shall have the same meaning as assigned to it under the Act, and under the Listing Regulations.
- 2.4. “**Director**” means a director appointed to the Board of the Company.
- 2.5. “**Employee**” means any person who is in the permanent employment of the Company.
- 2.6. “**Independent Director**” means an independent director, as defined under the Act, and under the applicable provisions of the Listing Regulations.
- 2.7. “**Key Management Person**” or “**KMP**” shall have the same meaning as assigned to it under the Act, and under the Listing Regulations.
- 2.8. “**Manager**” shall have the same meaning as assigned to it under the Act.
- 2.9. “**Managing Director**” shall have the same meaning as assigned to it under Companies Act, and under the Listing Regulations.

- 2.10. **“Senior Management Personnel”** means officers/ personnel of the Company who are members of its core management team (i.e. management committee members), excluding members of the Board of Directors, comprising all members of management one level below the Chief Executive Officer or Managing Director or Whole-time Director or Manager, (including Chief Executive Officer or Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads by whatever name called and the persons identified and designated as key managerial personnel, other than the board of directors and as may be defined under Applicable Laws from time to time.
- 2.11. **“Whole-time Director”** shall have the same meaning as assigned to it under the Act.
- 2.12. Any other terms used in this Policy, and not defined herein, shall have the same meaning as assigned to such terms under the Act and the Listing Regulations or any other Applicable Law.

### **3. Appointment**

- 3.1. Letter of appointment shall be issued by the Company to each Director, KMP and Senior Management Personnel, based on the recommendations of the Nomination and Remuneration Committee (“NRC”) on the basis of the guidelines for the same under the Companies Act and this Policy, and shall be accepted and signed by the concerned person.
- 3.2. Appointment criteria and qualifications: The NRC shall identify and ascertain the integrity, qualification, expertise and experience for appointment to the position of Directors, KMPs and Senior Management Personnel.
- 3.3. A potential candidate should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee shall review qualifications, expertise and experience, as well as the ethical and moral qualities possessed by such person, commensurate to the requirement for the position.
- 3.4. The Committee shall determine the suitability of appointment of a Director by assessing the proposed person against a range of criteria which includes but are not limited to:
- Personality, skills and professional knowledge
  - Knowledge and experience relevant to the business of the Company
  - Understanding of and experience in performing his roles and responsibilities
  - Independence of judgment
  - Educational and professional qualification(s)
  - Past performance and credentials, behaviour and conduct
  - Ability to work individually as well as a member of team
  - Ability to represent the Company
  - Interaction and relationship with the other members of the Board, KMPs, senior management and key stakeholders
  - Board room conduct
  - Communication skills
  - Ethics and Values

- 3.5. The Company shall not appoint or continue the employment of any person as a whole time Director who is below the age of twenty-one years or has attained the age of seventy years. Provided that a person who has attained the age of seventy years may be appointed or his term may be extended by passing a special resolution in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person.

Provided further that where no such special resolution is passed but votes cast in favour of the motion exceed the votes, if any, cast against the motion and the Central Government is satisfied, on an application made by the Board, that such appointment is most beneficial to the company, the appointment of the person who has attained the age of seventy years may be made.

- 3.6. The Company shall not appoint or continue the employment of any person as a non-executive Director who has attained the age of seventy-five years, unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.
- 3.7. The Committee shall ensure that there are induction and training programs in place for newly appointed Directors and KMPs.
- 3.8. The Committee shall make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an executive Director as an employee of the Company subject to the provisions of the law and their service contract.
- 3.9. The Committee shall recommend any necessary changes in the constitution of the Board, KMPs or senior management to the Board.
- 3.10. The appointment or a re-appointment of a person, including as a managing director or a whole-time director or a manager, who was earlier rejected by the shareholders at a general meeting, shall be done only with the prior approval of the shareholders. Provided further that the statement referred to under sub-section (1) of section 102 of the Companies Act, 2013, annexed to the notice to the shareholders, for considering the appointment or re-appointment of such a person earlier rejected by the shareholders shall contain a detailed explanation and justification by the Committee and the Board for recommending such a person for appointment or re-appointment.

#### **4. INDEPENDENCE OF DIRECTORS**

- 4.1. The qualifications of Independent Directors of the Company shall be decided on the basis of criteria provided under the relevant provisions of the Companies Act including the Companies (Appointment and Qualification of Directors) Rules, 2014 and as envisaged under SEBI Listing Regulations. A declaration of independence shall be taken from each of the Independent Directors at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director.
- 4.2. 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: (a) use the services of an

external agencies, if required; (b) consider candidates from a wide range of backgrounds, having due regard to diversity; and (c) consider the time commitments of the candidates.

- 4.3. The Company shall conduct a familiarization programme for Independent Directors to provide them with insights into the Company, their roles, rights, responsibilities, nature of the industry, business model of the Company, etc., in accordance with Regulation 25(7) of the SEBI Listing Regulations. The details of such programmes shall be disclosed on the Company's website.

## **5. REMUNERATION OF NON-EXECUTIVE AND INDEPENDENT DIRECTORS**

- 5.1. Subject to Applicable Law, Non-Executive and Independent Directors ("NEDs") will be paid remuneration by way of sitting fees and commission. The remuneration / commission / compensation to the NEDs will be determined by NRC and recommended to the Board for its approval. Provided that for Independent Directors and women Directors, the sitting fee shall not be less than the sitting fee payable to other Directors.
- 5.2. The NED's will be entitled for the Commission as may be approved by the shareholders of the Company from time to time, in accordance with the provisions of Applicable Laws. The commission to be paid will be restricted to a fixed sum within the above limit annually on the basis of their tenor in office during the financial year.
- 5.3. The payment of the commission to the NEDs will be placed before the Board every year for its consideration and approval. The sitting fee payable to the NEDs for attending the Board and Committee meetings will be fixed, subject to the statutory ceiling. The fee will be reviewed periodically and aligned to compete with the maximum fees (given to NEDs) in such class of companies.
- 5.4. Keeping with evolving trends in industries and considering the time and efforts spent by specific NEDs, the practice of paying differential commission will be considered by the Board.
- 5.5. NEDs will not be eligible to receive stock options under the existing employee stock option scheme(s) ("ESOP") of the Company.
- 5.6. NEDs are entitled to reimbursement of reasonable expenditure incurred by him/her, including all travelling and other expenses they incur for attending to the Company's affairs such as attending Board/Committee meetings, general meetings, court convened meetings, meetings with shareholders/creditors/management, site visits, induction and training programmes and in obtaining professional advice from independent advisors in furtherance of his/her duties as a director of the Company.
- 5.7. The remuneration payable by the Company to NEDs shall be subject to the conditions specified in the Act and the Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

## **6. REMUNERATION OF EXECUTIVE DIRECTOR**

- 6.1 The compensation paid to the executive directors (including managing director) will be within the scale approved by the shareholders and as permissible under the Act and the Listing Regulations. The elements of the total compensation, approved by the NRC will be within the overall limits specified under the Act.

- 6.2 Within the overall limit approved by the shareholders of the Company, on the recommendation of the NRC, the Board shall determine the remuneration of the executive directors, subject to the overall limits specified under the Act.
- 6.3 The elements of compensation of the executive director shall include the elements as described in paragraph 4 below.
- 6.4 The NRC will determine the annual variable pay compensation in the form of annual incentive and annual increment for the executive director based on Company's and individual's performance as against the pre-agreed objectives for the year.
- 6.5 3.4 The executive directors, except for a promoter director, will also be eligible for ESOPs as per the ESOP scheme in force from time to time. Grants under the ESOP scheme shall be approved by the NRC.
- 6.6 In case of inadequacy of profit in any financial year, the remuneration payable to the executive director shall be further subject to the relevant provisions of the Act.
- 6.7 Executive directors will not be paid sitting fees for any Board / committee meetings attended by them.
- 6.8 The remuneration payable by the Company to the executive directors shall be subject to the conditions specified in the Act and the Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

## **7. REMUNERATION TO KEY MANAGERIAL PERSONNEL / SENIOR MANAGEMENT AND OTHER EMPLOYEES**

- 7.1. The NRC shall recommend to the Board, all remuneration, in whatever form, payable to KMP and Senior Management Personnel and the Board shall have the final authority to approve the remuneration based on recommendation of NRC.
- 7.2. The remuneration including revision in remuneration of other Employees shall be decided by the human resources department in consultation with the matrix manager within the overall framework of compensation and appraisal practices of the Company and under the overall authority of the Managing Director and the Chief Executive Officer of the Company.
- 7.3. The Company's total compensation for Key Managerial Personnel/ Senior Management as defined under the Act / other employees will consist of:
- fixed compensation
  - variable compensation in the form of annual incentive
  - benefits
  - work related facilities and perquisites.
- 7.4. In addition, select senior executives will be eligible for long-term incentive plan in the form of ESOPs, as per the ESOP scheme in force from time to time. Grants under the ESOP scheme will be approved by the NRC or ESOP Committee of the Board.

- 7.5. Fixed compensation will be determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills, experience and performance of the employee.
- 7.6. The annual incentive (variable pay) of executives will be linked directly to the performance of the Company.
- 7.7. Based on the grade and seniority of employees, benefits for employees shall *inter alia* includes:
- Health-Related
  - Health (hospitalization) insurance
  - Accident and life insurance
  - Retirement-related
- 7.8. Employees will also be eligible for work related facilities and perquisites as may be determined through human resources policies issued from time to time based on the grade of the employee.
- 7.9. A formal annual performance management process will be applicable to all employees, including senior executives. Annual increases in fixed and variable compensation of individual executives will be directly linked to the performance ratings of individual employee.
- Overall compensation shall be subject to periodic reviews which takes into account data from compensation surveys conducted by specialist firms, as well as factors such as affordability based on the Company's performance and the economic environment.
  - Employees may be eligible for ESOPs as per the ESOP scheme approved by the shareholders of the Company and in force from time to time. The objective of the ESOP is to reward the certain eligible employees, for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Company.
  - Employees may be eligible for severance payments in accordance with the termination clause in their employment agreement subject to applicable regulatory requirements.

## **8. REMOVAL**

- 8.1. The NRC may recommend to the Board with reasons recorded in writing, including any disqualification mentioned in the Companies Act, SEBI Listing Regulations or under any other applicable law, removal of a Director, KMP or Senior Management Personnel, subject to the provisions and compliance under the Companies Act and other Applicable Laws.

## **9. RETIREMENT**

- 9.1. The Directors, KMP or Senior Management Personnel, shall retire as per the applicable provisions of the Companies Act (and other Applicable Laws) and this Policy. The Board will have the discretion to retain any Director, KMP or any other person in senior management position, even after attaining the retirement age, for the benefit of the Company, subject to the provisions of the Companies Act, SEBI Listing Regulations and other Applicable Laws.

## 10. DIRECTORS LIABILITY

(a) To the fullest extent permitted under Applicable Law and without prejudice to any indemnity to which such Person may otherwise be entitled, each of the Company and its Subsidiaries (“**Group Companies**”) shall indemnify, defend and hold harmless every natural Person who is or was previously a Director of such Company and Subsidiaries of the Company, with effect from the date of such Subsidiaries becoming a ‘subsidiary’ of the Company as per the Companies Act, (“**Indemnified Person(s)**”) against all costs, charges, losses and liabilities incurred by such Indemnified Person (whether in connection with any negligence, default, breach of duty or breach of trust by such Indemnified Person or otherwise as a Director of any of the Group Companies) in relation to such Group Company or their respective affairs, without requiring any other Person to advance expenses to any Director and without the need for such Director making a claim against the Group Company (as applicable). The relevant Group Company shall, if requested by a Director, enter into an indemnification agreement with such Director substantially on the terms of this Paragraph 10.

(b) To the fullest extent permitted by Applicable Law, the each of the Group Companies shall purchase and maintain at all times director liability insurance from a reputed insurance company for the benefit of all such Indemnified Persons , in a manner and for an amount agreed to by the Board. The Board of the relevant Group Company shall consider from time to time increasing the directors and officers insurance cover, depending upon the growth of the business of such Group Company and other relevant circumstances.

(c) No non-executive Director shall be classified as ‘officers in default’ of any of the Group Companies, or occupiers of premises used by the Company and/or the Subsidiaries, unless explicitly required to be classified as the aforementioned under any Applicable Laws.

## 11. MEMBERS INTEREST

11.1. A member of the NRC / Director is not entitled to participate in the discussions when his/her own remuneration is discussed at a meeting or when his/her performance is being evaluated.

11.2. The NRC may invite such executives, as it considers appropriate, to be present at the meetings of the NRC.

## 12. ADOPTION, CHANGES AND DISCLOSURE OF INFORMATION

12.1. This Policy may be reviewed at such intervals as the Board or NRC may deem necessary.

12.2. The Board has the right to amend or modify this Policy in whole or in part, at any time without assigning any reason, whatsoever. In the event of conflict between this Policy and Applicable Laws, Applicable Laws shall prevail. The Board, on the recommendation of the NRC, shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this policy entirely with a new policy. Quorum for all such meetings of the Board constituted to consider any amendment to the Policy (other than as required under applicable law), shall include diverse and varied representation, as practicable so as to ensure that such meetings involve multiple viewpoints and adequate stakeholder representation, including specifically adequate representation of non-executive, executive and independent directors at each meeting (provided if a director chooses to waive his or her right to participation in any meeting of the Board or Board Committee of the

Company, then such meeting may proceed validly as long as the quorum requirement under Applicable Law is met).

12.3. Any subsequent amendment/modification in the applicable laws shall automatically apply to this Policy.

12.4. Such disclosures of this Policy as may be required under the Act and Listing Regulations may be made.

### **13. DISSEMINATION OF POLICY**

This Policy shall also be posted on the website of the Company and the details of this Policy, including the evaluation criteria, shall be mentioned in the Annual Report of the Company. In the event of any change in the Policy made in accordance with Clause 12 above, such change shall be updated on the Company's website within two working days of such changes