

LADDU GOPAL ONLINE SERVICES LIMITED

(Formerly Known as ETT Limited)

POLICY ON REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL & SENIOR EMPLOYEES AND SUCCESSION POLICY

BACKGROUND

Laddu Gopal Online Services Limited (hereinafter referred as the '**Company**' or '**LGOS**') practices a corporate culture that is based on the tenets of trusteeship, empowerment, accountability, control and ethical practices with transparency at its core for creation of maximum value for the stakeholders.

The constitution, composition and functioning of the Nomination and Remuneration Committee also meets the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (LODR) Regulations, 2015. Presently the "Nomination and Remuneration Committee" comprises three (3) Non – Executive and independent Directors being a member of the Committee.

OBJECTIVE

The Key Objectives of the Committee would be:

- to guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- to specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance and provide necessary report to the Board for further evaluation of the Board.
- to recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

DEFINITIONS

A. Key Managerial Personnel:

Key Managerial Personnel means-

- (i) Chief Executive Officer or the managing director or the manager;
- (ii) company secretary,
- (iii) whole-time director;
- (iv) Chief Financial Officer;
- (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board.

B. Senior Management:

Senior Management means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the chief executive officer/managing director/ whole time director/ manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.

ROLE OF COMMITTEE

The role of the committee shall, inter-alia, include the following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in Senior Management in accordance with the criteria lay down, and recommend to the Board their appointment and removal. The company shall disclose the Remuneration policy and the evaluation criteria in its Annual Report.
- to 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 provision of the law and their service contract;
- ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks,
- to develop a succession plan for the Board and to regularly review the plan;
- recommend to the board, all remuneration, in whatever form, payable to senior management.

MEMBERSHIP

- The Committee shall consist of 3 non-executive directors. At least fifty percent of the directors shall be Independent Directors.
- The quorum for a meeting of the nomination and remuneration committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.
- Membership of the Committee shall be disclosed in the Annual Report.
- Term of the Committee shall be continued unless terminated by the Board of Directors.

CHAIRMAN

- Chairperson of the Committee shall be an Independent Director.
- Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairperson of the Committee.
- In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- Chairperson of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

FREQUENCY OF MEETINGS

The meeting of the Committee shall meet at least once in a year.

COMMITTEE MEMBERS' INTERESTS

- A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- The Committee may invite such executives, as it considers appropriate; to be present at the meetings of the Committee.

SECRETARY

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

VOTING

- Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- In the case of equality of votes, the Chairman of the meeting will have a casting vote.

CRITERIA FOR DETERMINING THE FOLLOWING:-

Qualifications for appointment of Directors (including Independent Directors):

- Persons of eminence, standing and knowledge with significant achievements in business, professions and/or public service.
- Their financial or business literacy/skills.
- Their industry experience.
- Appropriate other qualification/experience to meet the objectives of the Company.
- As per the applicable provisions of Companies Act 2013, Rules made there under and Regulation 19 read with Part D of the Schedule II of SEBI (LODR) Regulations, 2015. The Nomination and Remuneration Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate/s.

POSITIVE ATTRIBUTES OF DIRECTORS (INCLUDING INDEPENDENT DIRECTORS): -

- Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.
- Actively update their knowledge and skills with the latest developments in the industry, market conditions and applicable legal provisions.
- Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities
- To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
- Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.
- To act within their authority, assist in protecting the legitimate interests of the 'Company, its shareholders and employees.
 - Independent Directors to meet the requirements of the Companies Act, 2013 read with the Rules made there under and Regulation 16(1)(b) and Regulation of SEBI (LODR) Regulations, 2015 as amended from time to time.
- To adhere strictly to code of conduct.

CRITERIA FOR APPOINTMENT OF KMP/SENIOR MANAGEMENT:

- To possess the required qualifications, experience, skills & expertise to effectively discharge their duties and responsibilities.
- To practice and encourage professionalism and transparent working environment.
- To build teams and carry the team members along for achieving the goals/objectives and corporate mission.
- To adhere strictly to code of conduct of the Company.

POLICY RELATING TO REMUNERATION OF DIRECTORS, KMP & SENIOR MANAGEMENT PERSONNEL:

- To ensure that the level and components of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and other employees of the quality required to run the Company successfully.
- No director/ KMP/ other employee is involved in deciding his or her own remuneration.
- The trend prevalent in the similar industry, nature and size of business is kept in view and given due weight age to arrive at a competitive quantum of remuneration.
- It is to be ensured that relationship of remuneration to the performance is clear & meets appropriate performance benchmarks which are unambiguously laid down and communicated.

- Improved performance should be rewarded by increase in remuneration and suitable authority for value addition in future.
- Remuneration packages should strike a balance between fixed and incentive pay, where applicable, reflecting short and long term performance objectives appropriate to the Company's working and goals.
- Following criteria are also to be considered:-
 - Responsibilities and duties;
 - Time & efforts devoted;
 - Value addition;
 - Profitability of the Company & growth of its business;
 - Analyzing each and every position and skills for fixing the remuneration yardstick;
 - Standards for certain functions where there is a scarcity of qualified resources.
 - Ensuring tax efficient remuneration structures.
 - Ensuring that remuneration structure is simple and that the cost to the Company (CTC) is not shown inflated and the effective take home remuneration is not low.
 - Other criteria as may be applicable.
 - Consistent application of remuneration parameters across the organisation.
 - Provisions of law with regard making payment of remuneration, as may be applicable; are complied.
 - Whenever, there is any deviation from the Policy, the justification /reasons should also be indicated / disclosed adequately.

SUCCESSION PLAN

Need of Succession Policy

The Securities and Exchange Board of India (SEBI) has mandated the need for a succession policy pursuant to Regulation 17(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”). Pursuant to the Listing Regulations, the Company is required to put in place a plan for orderly succession for appointment to the Board of Directors and senior management.

Whereas under Section 178 of the Companies Act, 2013 (“Companies Act”), the Company is required to constitute a Nomination and Remuneration Committee and development of a succession plan for the Board and senior management is an object of the Nomination and Remuneration Committee.

One of the most significant attempts to ensure that the Company and investors do not suffer due to sudden or unplanned gaps in leadership is mandating boards of all listed companies to develop an action plan for successful transition.

Consequences of not having a succession plan:

- Businesses built over generations are split and valuations can get compromised
- Control may pass on into incompetent hands
- Shareholder value and confidence may get affected
- Brands and trademarks may get, diluted
- Management and Board level deadlocks become eminent

Benefits of succession planning

- It places a value on the business or comes out with a method to determine the value
- Avoids delays or disputes that can place strain on the business
- Clarifies everyone's roles and responsibilities.
- Gives investors, lenders, customers and employees confidence
- Helps in structuring of private and corporate assets holding
- Helps in preparing strategies to transfer corporate knowledge

REVIEW

The policy shall be reviewed by the Nomination & Remuneration Committee and the Board, from time to time as may be necessary.