LRSD SECURITIES PRIVATE LIMITED

COMPENSATION, NOMINATION & REMUNERATION POLICY

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PRELIMINARY

1. Policy Statement

1.1. This Compensation, Nomination and Remuneration Policy has been formulated by **LRSD Securities Private Limited** (hereinafter referred to as "**LRSD**" or "**Company**") in compliance with the provisions of *Section 178 of the Companies Act, 2013*, and *the Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions dated November28, 2025.*

1.2. In view of the proposed Directions, this Policy has been framed to provide a framework to govern the compensation of Key Managerial Personnel (KMPs) and Senior Management (SM) and shall apply to them in addition to the provisions relating to their Nomination and Remuneration.

2. Objective

This Compensation, Nomination and Remuneration Policy is framed to establish a sound and transparent framework for the governance of compensation and remuneration practices of the Company, in alignment with applicable regulatory requirements and prudent risk management principles. The objectives of this Policy are to:

2.1. Ensure that the compensation practices are within the regulatory framework stipulated from by the RBI and any other relevant regulatory body from time to time.

2.2. Promote effective governance of compensation and align remuneration structures with prudent risk management.

2.3. To align remuneration with prudent risk-taking, long-term performance, and regulatory guidelines.

3. Applicability of the Policy

3.1. This policy shall be applicable to the Directors, Key Managerial Personnels, Senior Management and other Employees of the Company.

3.2. The Remuneration/Compensation/Commission to be paid to the KMPs and other Senior personnels shall be governed as per the provisions of the Companies Act, 2013, and rules made there under.

4. Definitions

4.1. 'Independent Director' means a Director referred to in Section 149 (6) of the Companies Act, 2013 and the rules thereunder.

4.2. 'Key Managerial Personnel' (KMP) in relation to Company means as defined under section 2(51) of Companies Act, 2013, as amended from time to time and includes the following:

i. Managing Director
ii. Manager
iii. Chief Executive Officer,
iv. Company Secretary,
v. Whole-time Director,
vi. Chief Financial Officer and
vii. 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; and
viii. Such other officer as may be prescribed under the Companies Act, 2013

4.3. 'Other Employees' means employees of the Company as may be identified by the Nomination and Remuneration Committee for purpose of this policy whose actions can materially affect the risk profile of the Company other than Directors, Key Managerial Personnel (KMPs), or Senior Management.

4.4. '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 executive directors, including the functional heads.

4.5. 'Charter' means a document detailing the purpose, composition, roles, and responsibilities of a committee established by the Board.

NOMINATION AND REMUNERATION COMMITTEE (NRC)

5. Governance Structure of the Committee

5.1. Constitution of Nomination and Remuneration Committee

5.1.1. The Nomination and Remuneration Committee (NRC) is constituted as per Section 178 of the Companies Act, 2013. The NRC is responsible for reviewing and governing the implementation of this policy on behalf of the Board.

5.1.2. The NRC shall consist of three or more non-executive directors out of which one-half shall be independent directors.

5.1.3. The Independent Director shall be the chairperson of the NRC.

5.1.4. The Chairperson of the Company may be appointed as a member of this committee but the Company shall ensure that the Chairperson shall not chair such committee.

5.1.5. In the absence of the Chairperson, the members of such committee present at the meeting shall choose one amongst them to act as a chairperson other than the chairperson of the Company.

5.1.6. The meeting of this committee shall be held at such intervals as may be required by the Company and as specified in the NRC Committee's Charter.

6. Roles and Responsibilities of the NRC Committee

6.1. **Appointment and Removal**: The NRC shall as part of the Company's governance framework, undertake appropriate background checks and evaluations, in accordance with the Company's requirements and applicable guidelines, to identify and ascertain the integrity, qualification, expertise, and experience of the person for appointment as Director, KMP, or at the Senior Management level. Based on such assessment, the NRC may recommend to the Board the suitability of such persons for appointment or continuation, or, where considered necessary, the removal of existing appointees in cases of non-suitability. The NRC ensures the fit and proper status of proposed/existing directors and that there is no conflict of interest in such appointment.

6.2. **Evaluation of Performance**: The NRC shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by Board, or by the NRC or by an independent external agency and review its implementation and compliance.

6.3. **Pay Structure and Incentives:** The NRC shall oversee the compensation framework and recommend compensation of Directors, KMPs, and Senior Management.

3.1. **Remuneration:** The NRC will approve the remuneration of the Senior Management including Directors, KMP of the Company and other employees and recommend to the Board maintaining a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company. The committee shall ensure that 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.

3.2. **Compensation governance**: The committee shall also oversee the framework, review, and implementation of the Board approved Company's Compensation practices/policy, with due regard to retention of earnings and maintenance of adequate capital in adherence to the statutory requirements and industry practices.

The NRC Committee's detailed composition, powers, responsibilities, frequency of meetings, and functioning are governed by its specific Charter as adopted and maintained by the Company from time to time.

TERM OF APPOINTMENT AND REMOVAL

7. Managing Directors/Whole Time Directors

7.1. The Company shall appoint or reappoint any person as its Managing Director, or Whole Time Director for a term not exceeding five years at a time subject to Board/NRC Approval.

7.2. No reappointment shall be made earlier than one year before the expiry of the current term.

7.3. The Company shall not appoint an individual who is below the age of twenty-one (21) years or has attained the age of seventy (70) as Managing Director or the Whole Time Director of the Company. Provided that if the person holding this position extends beyond seventy years of age, the Company shall with the approval of shareholders pass a special resolution accompanied by an explanatory statement annexed to the notice for such motion indicating the justification for the extension of appointment or continuation beyond seventy years.

8. Independent Directors

8.1. The Company shall appoint an independent director on the board of the company for a term of up to five consecutive years.

8.2. No independent director shall hold office for more than two consecutive terms of up to a maximum of five years each.

8.3. The Independent Director can be re-appointed after the expiry of the cooling period of three years, provided that during such a period the individual shall not be appointed or associated with the Company in any other capacity either directly or indirectly.

9. KMP and Senior Management

9.1. Key Managerial Personnel and Senior Management shall be appointed for such tenure and on such terms and conditions as may be approved by the Board, based on the eligibility criteria, recommendations, and guidance of the NRC, and in accordance with the applicable laws, regulatory requirements, and internal policies of the Company.

10. Removal of Directors, KMPs or SMPs

10.1. The NRC may provide recommendation to the Board with recorded reasons in writing for the removal or disqualification of a Director, Key Managerial Personnel (KMP), or Senior Management Personnel, ensuring that such actions are in compliance with the relevant provisions, rules, and regulations of the applicable Act.

COMPENSATION STRUCTURE

11. Principles for Compensation

Compensation to KMPs and Senior Management shall be determined based on the following principles:

11.1. The compensation of Key Managerial Personnel (KMPs) and Senior Management shall be reasonable, recognising all relevant factors including adherence to statutory requirements and industry practices.

11.2. Compensation should be:

- 11.2.1. market competitive where 'market' for each role is defined as the set of companies from which the Company attracts talent or companies to which the Company loses talent
- 11.2.2. commensurate with the roles and responsibilities
- 11.2.3. reflective of the size of the Company, the complexity of the Company's operations and its capacity to pay.

11.3. This policy outlines the performance of an individual with the total compensation that shall be paid. The details of the compensation structure are communicated at the beginning of the employment period to Key Managerial Personnel (KMP), members of the Senior Management Team and other employees of the Company.

11.4. The NRC shall ensure that the compensation levels are consistent with the Company's need to retain earnings and maintain adequate capital based on Internal Capital Adequacy Assessment Process (ICAAP), while reviewing and recommending compensation levels.

11.5. Risk Alignment: The Nomination and Remuneration Committee (NRC) shall ensure that the Company's compensation practices are aligned with prudent risk management principles and shall work in coordination with the Risk Management Committee (RMC), wherever applicable, to ensure that the compensation framework does not encourage excessive risk-taking.

11.6. The Company presently follows a fixed compensation structure and does not provide any variable remuneration to its Directors, Key Managerial Personnel (KMPs), Senior Management or other employees. Accordingly, the provisions relating to variable remuneration, including deferral, malus and clawback, are presently not applicable.

11.7. In the event the Company introduces a variable remuneration framework in the future, such framework shall be approved by the Board of Directors on the recommendation of the Nomination and Remuneration Committee and shall comply with the applicable guidelines issued by the Reserve Bank of India and other applicable laws.

12. Compensation Structure

12.1. The compensation structure may comprise fixed pay, retirement benefits, statutory benefits, perquisites and, where approved by the Board in future, variable remuneration, in accordance with applicable regulatory requirements.

13. Guaranteed Bonus

13.1. The Company does not currently offer or pay any Guaranteed Bonus. However, the Company may, at its sole discretion, consider introducing a Guaranteed Bonus in the future, subject to prevailing circumstances, business requirements, and applicable policies in force at that time.

13.2. In the event of new hiring, joining or sign-on bonus could be considered by the Company. However, such joining or sign-in bonus shall neither be part of fixed pay nor of variable pay.

MISCELLANEOUS

14. Guidelines for Implementation

14.1. This Policy will be binding on all KMPs and Senior Management covered under the purview of this Policy and terms of their compensation shall automatically stand revised in accordance with this Policy as amended from time to time.

15. Public Disclosure

15.1. In accordance with applicable laws, regulatory requirements, and corporate governance standards, the Company is mandated to ensure transparency in respect of this Policy. Accordingly, the Company shall make appropriate public disclosures of this Policy in the following manner:

15.1.1. Board's Report: This Policy shall be included and appropriately disclosed in the Board's Report of the Company.

15.1.2. Website Disclosure: This Policy shall also be placed on the Company's official website and shall remain accessible to the public in order to ensure ongoing transparency and compliance with disclosure requirements.