



Lakshmi Energy and Foods Limited

(Formerly Lakshmi Overseas Industries Ltd.)

Corporate Identity Number: L00000CH1990PLC010573

Regd. Office: SCO 18-19, 1st Floor, Sector 9-D, Madhya Marg, Chandigarh 160 017

Tel:0172-2740352 Fax: 0172-2743057 Email: corporate@lakshmi group.in

Website: www.lakshmi group.in

REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL (KMP) AND THE SENIOR MANAGERIAL PERSONNEL (SMP)

Objective: The objective of this Remuneration Policy is to provide guidelines for fixation of the remuneration of the Directors, Key Managerial Personnel and Senior Management Personnel of the Company to attract and retain the best talent for the growth and development of Company.

The remuneration of an individual largely consists of basic remuneration, allowances, perquisites and performance incentives. The components of the total remuneration vary for different grades and are governed by industry pattern, qualification and experience of the Personnel, responsibility handled by him and individual performance. While deciding the remuneration package of the individual, the committee considers employment scenario, remuneration package of the industry and remuneration package of the managerial talent of other industries.

The Nomination and Remuneration Committee (NRC) has adopted the following criteria for payment of remuneration to the Chairman, Managing Director or Whole time Director, Key Management Personnel / Senior Management Employee of the Company in pursuance to provisions of section 178(3) of the Companies Act, 2013.

Remuneration of Chairman, Managing Director, Whole Time Director

- At the time of appointment or re-appointment, the Chairman, Managing Director and Whole Time Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the Nomination & Remuneration Committee and the Board of Directors) and the respective Director within the overall limits prescribed under the Companies Act, 2013 and rules made thereunder.
- The remuneration shall be subject to the approval of Members of the Company in General Meeting.
- The remuneration of the above said directors may be divided into fixed and variable component.
- The fixed compensation shall comprise salary, allowances, perquisites, amenities and retiral benefits. The variable component, if any, shall comprise of individual and company performance bonus.
- In determining the remuneration, the Nomination & Remuneration Committee shall consider the following:



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- The relationship of remuneration and performance benchmarks is clear;
- Balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
- Responsibility required to be shouldered by the above said Directors and the industry benchmarks and the current trends;
- The Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs / KPIs.

Executive Directors are not entitled to sitting fees for attending meeting of directors.

The Nomination and remuneration committee will consider the performance against measurable parameters and also have subjective assessment of individual while fixation / revisions of remuneration.

Remuneration of Non Executive Directors

The remuneration of Non Executive Directors shall be finalised considering the following:

- They will be entitled to receive remuneration by way of sitting fees for attending meetings of the Board or its Committees at rates within the limits prescribed under the Companies Act, 2013 and rules made thereunder.
- Non Executive Directors do not participate in Board discussions which relate to their own remuneration.
- They receive reimbursement of reasonable expenses incurred in attending the Board, Committee and other adhoc meetings.
- Remuneration is paid subject to deduction of Income Tax at source and payment of applicable Service Tax.

Remuneration of Key Management Personnel (KMP) /Senior Management Personnel (SMP):

Key Managerial Personnel include Chief Financial Officer and Company Secretary appointed pursuant to the provisions of section 203 (1) of the Companies Act,2013 irrespective of the remuneration drawn by them.



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Senior Management Personnel include the heads of Business Segments and functions to be specifically decided by the NRC, on the recommendation of the CMD.

This Policy will be applicable for Senior Management Personnel employed in India with Annual CTC of Rs 30 (Thirty) Lacs and above.

- In determining the remuneration of the KMP and SMP, the Nomination & Remuneration Committee shall consider the following:
 - The role, changes in job scope, responsibility and complexity and the need to maintain market competitiveness. The committee may make additional payments linked to relocation.
 - The relationship of remuneration and performance benchmark is clear;
 - Balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
 - The remuneration is divided into two components viz. fixed component of salaries, perquisites, amenities and retirement benefits and variable component of performance based incentive;
 - The remuneration including annual increment and performance incentive is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs / KPIs, industry benchmark and current compensation trends in the market;
 - The payout of salary and variable incentive to KMP / SMP will be governed by the guidelines of the Company applicable to all employees.

CMD will review and assess the performance and increments as recommended by Business / Functional Heads based on the standard appraisal matrix, score card and other factors mentioned hereinabove before recommending to Nomination and Remuneration Committee for its approval.

The Nomination and Remuneration Committee retains the discretion to make appropriate remuneration decisions outside the Standard Policy to meet specific circumstances in both the above cases.



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POLICY FOR NOMINATION, SELECTION AND APPOINTMENT OF DIRECTORS, KEY MANAGERIAL PERSONNEL (KMP) AND SENIOR MANAGERIAL PERSONNEL (SMP)

Policy for Directors

Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee comprises Non-executive Directors of the Company of which at least one-half are Independent Directors. It complies with the provisions of the Companies Act, 2013 and the corporate governance requirements of the Listing Agreement with stock exchanges.

Criteria for selection of directors

When considering appointments to the Board and its Committees, the Nomination and Remuneration Committee will draw up a specification for the role taking into consideration the balance of skills, knowledge and experience of its existing members, the diversity of the Board and the Company's ongoing requirements. The Company believes that diversity underpins the successful operation of an effective Board.

1. The NRC shall consider the following attributes/ criteria, whilst recommending to the Board any person for appointment as Director:-
 - a. Professional Qualification, expertise and experience in respective fields; understanding of key business concepts;
 - b. Personal background and integrity, professional reputation or business standing;
 - c. Diversity of the Board;
 - d. Alignment with ethics and the values of the Company;
 - e. Strong communication skills;
 - f. Availability of sufficient time to devote to the required role.
2. The NRC shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
3. In case of appointment of Independent Directors, the NRC shall satisfy itself with regard to the independent nature of the Directors vis-s-vis the Company so as to enable the Board to discharge its function and duties effectively, without conflict of interest.
4. In case of re-appointment of directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.



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Criteria for Selection of the Key Managerial Personnel (KMP) / Senior Managerial Personnel (SMP)

When recommending a candidate for above appointment, the Nomination and Remuneration Committee would look into following attributes:

- I. Assessing the appointee against a range of criteria which includes but not be limited to qualifications, skills, regional and industry experience, background and other qualities;
- II. The skills and experience in relevant discipline;
- III. The nature of existing positions held by the appointee;
- IV. Communication and networking skills as per job requirement;
- V. Commitment to high standards of ethics, personal integrity and probity;
- VI. Commitment to the promotion of equal opportunities, health and safety in the workplace;
- VII. Nurturing and developing young and junior members through team building.