

Nomination and Remuneration Policy of LS Industries Limited

(As amended on 13th February, 2020)

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| 1. | Introduction |
| | This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee to align the objectives and goals of the Company with the requirements of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time-to-time) ('Listing Regulations'). |
| 2. | Key Objectives of Policy |
| | The Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read with the applicable rules thereto and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended time to time. The primary objective of this Policy is to provide a framework and set standards for the nomination and remuneration of the Directors, Key Managerial Personnel and officials comprising the senior management. The Company aims to achieve a balance of merit, experience and functional skills amongst its Directors, Key Managerial Personnel and Senior Management and to remunerate them appropriately. |
| 3. | Applicability |
| | This policy is applicable to : <ol style="list-style-type: none">1. Directors viz. Executive Directors, Non-executive Director, Whole Time Director, Managing Director and Independent Director2. Key Managerial Personnel3. Senior Management Personnel4. Other Employees of the Company |
| 4. | Definitions |
| i | “Act” means Companies Act, 2013 and rules thereunder, as amended time to time. |
| ii | “Board of Directors” or ‘Board’ , in relation to the Company, means the collective body of the directors of the Company including the Chairperson/Chairman of the Company. |
| iii | “Company” means LS Industries Limited |
| iv | “Committee” means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the provisions of Section 178 of Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended time to time. |
| v | “Compliance Officer” means the Company Secretary and any officer of the Company |
| vi | “Director” means a Director appointed to the Board of a Company. |

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| vii | “Executive Director” means the Managing Director, Whole-time Director, as the case may be and includes Directors who are in the full time employment of the Company. |
| viii | “ Independent Director ” means a Director referred under provisions of Section 149 of the Companies Act, 2013 and rules thereunder and as provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended time to time. |
| ix | <p>“Key Managerial Personnel” mean key managerial personnel as defined under the Companies Act, 2013 & rules made thereunder, including any amendment or modification thereof, and includes</p> <ol style="list-style-type: none"> i. Managing Director, or Chief Executive Officer or manager and in their absence, a whole time director; ii. Company Secretary iii. Chief Financial Officer and iv. Such other officer as may be prescribed. |
| x | “ Senior Management ” means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads. |
| xi | “ Remuneration ” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961. |
| xii | “ Policy or This Policy ” means “Nomination and Remuneration Policy.” |
| xiii | “ Interpretation ” The terms, words & expressions, that have not been defined in this Policy shall have the same meaning respectively assigned to them in the Companies Act, 2013, rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. |
| 5. | Major Functions of Nomination and Remuneration Committee |
| | <p>The Board is ultimately responsible for the appointment of Directors and Key Managerial Personnel. The Board has delegated responsibility for assessing and selecting the candidates for the role of Directors, Key Managerial Personnel and the Senior Management of the Company to the Nomination and Remuneration Committee which shall make recommendations & nominations to the Board. In this regard, the said Committee, apart from other functions as assigned/delegated to it, shall look after the following functions:-</p> <ul style="list-style-type: none"> • To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal. • To 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. • To carry out/to perform such other function as may be necessary or appropriate or as may be assigned/delegated/mandated to it by the Board from time to time and/or enforced by any Statutory notification, Amendment or Modification, as may be applicable. <p>The aforesaid Policy shall ensure that:</p> <p>(a) 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;</p> |

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| | | <p>(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks;</p> <p>(c) 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.</p> |
| 6. | | APPOINTMENT AND REMOVAL OF DIRECTOR'S, KMP'S AND SENIOR MANAGEMENT PERSONNEL |
| | (1) | <u>Appointment criteria and qualifications:</u> |
| | A | The Committee shall identify and ascertain the suitable person(s) and recommend to the Board his/her appointment/re-appointment for appointment as Director(s), KMP(s) or at Senior Management level. |
| | B | <p>A person should possess adequate qualifications, expertise and experience for the position he/she is considered for appointment/re-appointment. The appointee may be assessed by the committee against a range of criteria which include but not limited to integrity, qualification, expertise, industry experience, inter-personal skill, and such other appropriate qualities of the person(s), as may be required, to handle/perform successfully the position so chosen with due regard for the benefits from diversifying the Board.</p> <p>The Committee/Board has discretion to decide whether the qualification, knowledge, expertise, functional skill and experience etc. possessed by a person are sufficient / satisfactory for the concerned position.</p> |
| | C | The Company shall appoint or re-appoint the Director/Managing Director/Whole-time Director/Manager in accordance with the provisions, rules and regulations as framed under the Companies Act 2013, rules made thereunder and under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended time to time. |
| | D | Appointment of Independent Director is subject to the compliance of provisions of section 149 of the Companies Act, 2013, read with schedule IV and rules made thereunder, and under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended time to time. |
| | (2) | <u>Term/Tenure :</u> |
| | (i) | <p><i>Managing Director/Whole-time Director/Manager (Managerial Person):</i></p> <p>- The Company shall appoint or re-appoint any person as its Managerial Person for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.</p> |
| | (ii) | <p><i>Independent Director :</i></p> <p>An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and shall be eligible for reappointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.</p> <p>No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing</p> |

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| | <p>to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.</p> <p>No Independent Director of the Company shall hold office after completion of the age of seventy five years unless his appointment/continuation have been approved through a special resolution by the shareholders of the Company.</p> <p>The term/ tenure of Independent Directors and reckoning of the limit of Companies, in which a person can appointed as Director, Independent Director, Managerial Person, as the case may be, shall be fixed or determined as per the provisions of Companies Act 2013, rules made thereunder and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended time to time.</p> |
| | (3) <u>Letter of Appointment</u> |
| | Each Independent Director/KMP's/Senior Management Personnel, as the case may be, is required to sign the Letter of appointment with the Company containing the terms & conditions of his/her appointment/re-appointment and the role/profile assigned in the Company. |
| | (4) <u>Removal</u> |
| | <p>Due to reasons for any disqualification(s) mentioned in the Companies Act, 2013, rules made thereunder, under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or under any other laws, rules & regulations, the Committee may recommend to the Board with reasons recorded in writing, for removal of Director and for removal/termination/suspension/dismissal of KMP's or Senior Management Personnel subject to the compliance of applicable Acts, Rules & Regulations, if any.</p> <p>Although for removal//termination/suspension/dismissal of KMP's or any other Senior Management Personnel of the Company, the Committee may, if so required, refer the HR Policy of the Company.</p> |
| | (5) <u>Retirement</u> |
| | The Director, KMP's and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and as per the prevailing HR policy of the Company, as amended time to time. The Board shall have the discretion to retain the Director, KMP's, Personnel of Senior Management in the same position/ role, remuneration or otherwise, even after attaining the retirement age, in the bonafide interest and for the benefit of the Company, if so required. |
| 7. | PROVISIONS RELATING TO REMUNERATION OF DIRECTORS, KMP's, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES |
| | <p>The Guiding Principle is that the level and composition of remuneration shall be reasonable & sufficient so as to attract, retain, motivate Directors, Key Managerial Personnel's, Senior Management Personnel & other employees. The Directors, Key Managerial Personnel's, Senior Management Personnel & other employee's salary shall be based & shall be determined on the basis of individual person's qualifications, profile, related experience, responsibilities, role in the organization and his/her performance and in accordance with the limits as prescribed Statutorily, if any.</p> <p>Further, the Nomination & Remuneration Committee while determining the individual remuneration packages/structure for Directors, KMP's, Senior Management Personnel and</p> |

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| | | for other employees of the Company shall consider all relevant factors including but not limited to Company's HR Policy, market survey, business performance & prevailing practice in comparable companies, benchmarks fixed for same grade of employees, particular industry growth, prevailing laws, government guidelines and also having due regard to financial health/profitability of the Company, |
| 7A | | <u>General Provisions:</u> |
| | i | The remuneration/compensation/commission etc. to Directors, KMP's, Senior Management Personnel shall be determined by the Committee and recommended to the Board for approval. The remuneration of Senior Management Personnel shall be as per remuneration policy as amended from time to time. |
| | ii | The remuneration /compensation/commission etc. to be paid to Directors, shall be as per the Statutory provisions of Companies Act, 2013, and rules made thereunder for the time being in force and shall be subject to the approval of shareholders of the Company, as required by the law for the time being in force. |
| | iii | Where any insurance is taken by a company on behalf of its Managing Director, Whole-time Director, Manager, Directors, Chief Executive Officer, Chief Financial Officer or Company Secretary for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. |
| 7B | | <u>Specific Provisions regarding remuneration to Directors, KMP's, Senior Management Personnel and Other Employees :</u> |
| | (1) | Fixed Pay/ Base Compensation |
| | i | Directors, KMP's and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of Committee in accordance with the provisions of Companies Act, 2013, and the rules made thereunder for the time being in force. The basic pay, break-up of remuneration structure, quantum of perquisites, perks, allowances & certain other statutory/non statutory benefits etc. shall be decided and approved by the Board on the recommendation of the Committee and shall be approved by the shareholders and Central Government, wherever required/applicable. |
| | ii | <p>Increments to the existing remuneration structure if any shall be approved by the Committee for KMP's and Senior Management Personnel and for other employees of the Company. However increments to the Whole Time Director, Managing Director, Executive Director or Manager (as the case may be) shall be within the limits/slabs as approved by the Shareholders in their general meeting & shall be paid in accordance with their respective terms and conditions of appointment/re-appointment.</p> <p>The increments shall be effective from 1st April in respect of Whole-time Director, Managing Director, Executive Director (as the case may be) as well as in respect of other employees of the Company, unless otherwise decided.</p> |
| | iii | The Committee may refer Company's HR Policy, if so required, in respect of aforesaid matters. |
| | (2) | Minimum Remuneration |
| | | If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director, Whole Time Director or Manager in accordance with the provisions of Schedule V of the Companies Act, 2013 & rules made thereunder, as amended from time to time, subject to the required approval(s). |
| | (3) | Provisions for excess remuneration |

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| | | If Managing Director, Whole Time Director or Manager draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 & rules made thereunder, as amended from time to time, subject to the approval of shareholders, wherever required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for and on behalf of the Company. |
| 7C | | Remuneration to Non-Executive / Independent Directors |
| | i | Remuneration / Commission |
| | | The remuneration / commission shall be in accordance with the Statutory Provisions of the Companies Act, 2013, and the rules made thereunder and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended time to time for the time being in force. |
| | ii | Sitting Fees |
| | | The Non- Executive / Independent Directors may receive remuneration by way of fees for attending meetings of Board or Committee thereof, provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time. Further the boarding, lodging, traveling expenses & out of pocket expenses, if any shall be reimbursed to the Non- Executive/ Independent Directors on actual basis, residing out of Chandigarh. |
| | iii | Stock Options |
| | | Pursuant to the provisions of the Companies Act, 2013 & rules made thereunder, an Independent Director shall not be entitled to any stock option of the Company. |
| 8. | | Review and Amendment |
| | | The Nomination and Remuneration Committee shall periodically review the Nomination and Remuneration Policy. The Board of Directors after considering the recommendations of Nomination and Remuneration Committee is empowered to amend this policy either in whole or in part, at any time consistent with requirements of applicable laws, rules and regulations. |

Foot Notes:-

1. Originally applicable w.e.f. 02nd February, 2015
2. 01st Amendment on 13th February, 2020