
V.R.WOODART LIMITED

NOMINATION & REMUNERATION POLICY & EVALUATION

1. INTRODUCTION

- 1.1. Section 178 of the Companies Act, 2013 read with the applicable Rules thereto and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (together referred to as “Applicable Laws”) require the Nomination and Remuneration Committee of a company (“NRC”) to recommend to the Board of Directors a policy, relating to the appointment, removal and remuneration of the directors, key managerial personnel and other employees and to devise a policy on Board diversity.
- 1.2. The Applicable Laws also require NRC to lay down the evaluation criteria for performance evaluation of Board, its Committees and individual directors. Further, the Board of Directors is responsible for monitoring and reviewing of the Board Evaluation framework.
- 1.3. The Board of Directors is also required to satisfy itself that plans are in place for orderly succession for appointments to the Board and to senior management.
- 1.4. This policy is framed as per the requirements of the Applicable Laws.

2. DEFINITIONS

In this code, unless repugnant to the meaning or context thereof, the following expressions, wherever used in this code, shall have the meaning assigned to them.

- 2.1 “**Company**” means V.R.Woodart Limited.
- 2.2 “**Board Members**” means Board of Directors of the Company
- 2.3 “**Key Managerial Personnel**” or “**KMP**” means person as defined in Section 2(51) of the Companies Act, 2013 as amended from time to time.
- 2.4 “**Senior Management**” shall mean personnel of the Company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management one level below the executive directors, including all functional heads.
- 2.5 “**Act**” means the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time.
- 2.6 “**SEBI Regulations**” mean the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.
- 2.7 “**Applicable Laws**” means applicable provisions of the Act and the SEBI Regulations.

2.8 **“Nomination and Remuneration Committee or NRC”** means a Committee of the Board of Directors of the Company constituted by the Board of Directors of the Company, from time to time, under the provisions of the Companies Act, 2013 or the previous Company law and the Listing Regulations.

2.9 **“Remuneration Policy” or “this Policy”** means this Policy for remuneration of Directors, KMP and other employees of the Company as set out hereby, recommended by the Committee and approved by the Board of V.R.Woodart Limited, as amended from time to time.

3. Constitution of Committee

The Board has constituted the Nomination and Remuneration Committee (“NRC”) in accordance with the provisions of the Companies Act, 2013 and LODR Regulations. The NRC will play a consultative role in identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and make recommendation of the same to the Board, their appointment and removal and specification of the manner for effective evaluation of performance of Board, its Committees and Individual Directors to be carried out either by the Board, by the NRC or by an independent external agency and review its implementation and compliance.

The NRC shall also help in building appropriate remuneration structure in the Company, keeping in view recognition and appreciation of experience, expertise, advise, efforts and contribution provided by the Directors, KMP, Senior Management Personnel and dedication of Employees. While strategizing the remuneration structure, the Committee should consider that composition of remuneration needs to be reasonable and sufficient to attract, retain and motivate Directors and Senior Management Personnel of the quality required to run the Company successfully.

In its consultative role and guiding force, the Committee will provide its recommendations to the Board in respect to matters and tasks as may be assigned by the Board from time to time. The Committee may recommend to the Board as how to effectively structure and facilitate a remuneration strategy, which will meet the needs of the Company.

4. Appointment and removal of Director, KMP and Senior Management

4.1 Criteria for qualifications, positive attributes and independence of Directors, KMP & SMP:

The NRC will have the responsibility and authority to decide the essential and desirable skills/competencies/expertise/ experience/ criteria of independence required from the individuals for the office of Directors, KMP & SMP.

The expertise required from the Directors, KMP and SMP would be defined based on the Company’s strategy and needs.

The NRC shall review the criteria for the role and define the role specifications for the appointment.

In case of Directors and KMP, in addition to the above specifications the NRC shall ensure that the candidate possesses the requisite qualifications and attributes as per the Applicable Laws.

4.2 Identifying candidates who are qualified to become Directors, KMP & SMP:

The NRC shall assign the responsibility of identifying the candidate for a final interview to the following:

To Chairman of the Board and Chairperson of NRC, in case of selection of Directors; and
To the MD & CEO and Chief Human Resource Officer, in case of selection of KMP & SMP.

The NRC shall identify member(s) of the Board who will interview the candidate recommended to the NRC as above.

Upon selection of the candidate, the NRC shall make a recommendation to the Board for appointment of Director/ KMP/SMP. For discharging this duty the NRC may seek inputs from the persons responsible for identifying the candidates stated in Clause above.

The appointment of Directors and KMP shall be subject to the compliance of the applicable laws and the Articles of Association of the Company.

4.3 Term

The term of appointment of Directors shall be governed by the provisions of the applicable laws.

The term of the KMP (other than the MD & CEO) and SMP shall be governed by the prevailing policies of the Company.

4.3.1 Managing Director/Whole-time Director:

The Company shall not appoint or re-appoint any person as its Managing Director or Whole-time Director for a term exceeding five years at a time and no reappointment shall be made earlier than one year before the expiry of term.

4.3.2 Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company.

Provided that no Independent Director shall hold office for more than two consecutive terms of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided further 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.

4.4 Removal of Director, KMP or SMP

The Removal of Director, KMP or SMP may be warranted due to reasons such as disqualification prescribed under the applicable Laws and / or disciplinary reasons.

In regard to removal of any Director, KMP or SMP, the NRC shall in consultation with the Chairman, for Directors, and with the MD & CEO for KMP and SMP, review the performance and/or other factors meriting a removal and subject to the provisions of the applicable Laws and the Articles of Association of the Company, recommend to the Board its course of action.

The resultant vacancy caused by removal of Director, KMP or SMP may be filled by the NRC in accordance with this Policy and the applicable laws.

4.5 Retirement of Director, KMP or SMP

The retirement age of Directors shall be as per the applicable laws.

The retirement age of KMP and SMP shall be as per the prevailing policy of the Company subject to the applicable laws.

Subject to the applicable laws, the Board shall have the discretion to retain the Director, KMP, SMP, in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

The resultant vacancy caused by retirement of Director, KMP or SMP may be filled by the NRC in accordance with this Policy and the applicable laws.

5 Remuneration of Director, KMP and SMP

Remuneration to Executive Director(s)

The Directors, Key Managerial Personnel and Senior Management shall be eligible for a monthly remuneration or at a specified percentage of the net profits of the company or at partly by one way and partly by the other.

The remuneration payable to Executive Director(s) shall be determined by the NRC and recommended to the Board for approval.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Directors & Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with such approvals as required under the Act.

If any Director including any Managing Director or Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction as may be required under the act, wherever required, he shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

A Director may receive fees for attending meetings of Board or Committee thereof subject to the condition that the amount of such fees shall not exceed Rs. One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

Such remuneration (including revisions thereof) shall be subject to the approval of the shareholders of the Company and/or Central Government, wherever required under the applicable laws and the Articles of Association of the Company.

The remuneration shall be in accordance with and subject to the ceiling limits and other conditions prescribed under the applicable laws and the Articles of Association of the Company.

The remuneration shall comprise a mix of Fixed Remuneration and Variable remuneration in the form of performance incentive. The performance incentive shall be based on the prevailing policy of the Company.

Additionally, the Executive Director(s) may be entitled to Employee Stock Options granted under any Employee Stock Option Plan/Scheme(s), Stock Appreciation Rights granted under any Stock Appreciation Rights Plan/Scheme(s) of the Company and such other long term incentive schemes of the Company.

Annual revisions in the remuneration within the remuneration limits approved by the Board, shareholders/Central Government, shall be based on the prevailing policy of the Company and the same shall be recommended by the NRC to the Board. The Board shall approve such annual increases.

Remuneration to Non-Executive Directors (NED)

The remuneration (including revisions thereof) payable to the NED shall be in accordance with and subject to the ceiling limits and other conditions prescribed under the applicable laws; the Articles of Association of the Company and the approval of the shareholders of the Company accorded from time to time.

The NRC shall determine the remuneration to NED including the mode, quantum, recipients of the remuneration and the frequency of payment of such remuneration, and recommend the same to the Board for approval.

The remuneration of NED shall comprise the following:

5.1.1 Remuneration/Commission; and

5.1.2 Sitting fees for attending each meeting of the Board and its Committees.

The remuneration may be fixed as per the terms and conditions mentioned in the letter of

appointment and as per the provisions of Companies Act, 2013 as decided by the NRC Committee.

Commission may also be paid within the monetary limit approved by shareholders, subject to the limits as per the applicable provisions of the Companies Act, 2013.

The Non- Executive Directors/Independent Directors may receive fees for attending meetings of Board or Committee thereof. Provided further that for Independent Directors, the sitting fees payable to them shall not be less than the sitting fees payable to other directors.

The remuneration of NED (including revisions thereof) shall be based on certain financial parameters like the performance of the Company, its market capitalization, etc., industry benchmarks, role of the Director and such other relevant factors.

Independent Directors shall not be entitled to any stock option or stock appreciation rights of the Company.

The NRC shall determine the periodicity at which such remuneration shall be reviewed and revised.

The Independent Directors may charge reimbursement of expenses for participation in the Board Meeting and for conducting separate meetings of the Independent Directors.

In case of no profits or inadequate profits

In the situation of no profits or inadequate profits in any financial year, the Non-Executive Directors shall be paid remuneration in accordance with the Companies Act, 2013 and LODR Regulations as amended from time to time.

Remuneration to KMP & SMP

For appointments to the office of KMP, the NRC shall review the remuneration and recommend the same to the Board for its approval.

The NRC shall review the annual revision in the remuneration of KMP and recommend such revisions to the Board for its approval.

Factors to be considered while determining the remuneration to Directors, KMP

While determining the remuneration to Directors, KMP and SMP, the NRC shall ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and SMP to deliver the quality required to run the Company successfully;

6 Board Evaluation

The Board is committed to assessing the performance of the Board in order to identify its strengths and areas in which it may improve its functioning. Towards this end, the NRC shall

establish the criteria and processes for evaluation of performance of Individual Directors, Chairperson of the Board, the Board as a whole and the Committees of the Board and recommend the same to the Board.

The evaluation of the Independent Directors shall also include evaluation of the fulfillment of the independence criteria as specified under the applicable laws and their independence from the Management.

The Board is responsible for:

- a) Monitoring and reviewing of the Board Evaluation framework;
- b) Carrying out evaluation of the performance of the Board, its Committees and individual directors, wherein the director subject to evaluation shall not participate; and
- c) Evaluating the fulfillment of independence criteria of the Independent Directors as per the applicable laws and review their independence from the management.

The appointment / re-appointment / continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process.

Meeting of Independent Directors:

The Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of Non-independent Directors and members of the management.

Such meeting shall:

- a) Review the performance of Non-independent Directors and the Board as a whole;
- b) Review the performance of the Chairperson of the Company, taking into account the views of Executive Director(s) and Non-executive Directors;
- c) Assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.
- d) Discuss such other matters as the Independent Directors may deem fit;

The Independent Directors may call such meeting(s) at any point of time as desired.

Letter of Appointment to Independent Directors

The appointment of Independent Directors shall be formalized through a letter of appointment to be issued by the Company in accordance with the applicable Laws.

7 AMENDMENT TO THE CODE:

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant government authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

8 PLACEMENT OF THE CODE ON WEBSITE

Pursuant to the Act & SEBI Regulations, this code and any amendment thereto shall be posted on the website of the Company.

Policy on Board Diversity

The Company believes in and embraces the benefit of having a diverse Board of Directors and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of the differences in the skills, regional and industry experience, background, gender and other distinctions between Directors.

These distinctions would be considered in determining the optimum composition of the Board and when possible would be balanced appropriately.

At a minimum, the Board of the Company shall consist of at least one woman Independent Director. All Board appointments are made on merit, in context of the knowledge, skills, experience, independence and integrity which are required to make the Board as a whole effective.

In reviewing the Board composition, the Committee will consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to discharge its duties and responsibilities effectively.

In identifying suitable candidates for appointment for the Board, the committee will consider candidates on merit against objective criteria and due regard for the benefits of diversity on the Board.

As part of the annual performance evaluation of the effectiveness of the Board, Board Committees and individual Directors, the Committee will consider the balance of skills, experience, independence and knowledge of the Board and the diversity representation of the Board, including gender, how the Board works together as a unit, and other factors relevant to its effectiveness.

This policy will be reviewed by the NRC once in every two years or earlier if required.
