



VIPPY INDUSTRIES LIMITED
DEWAS (MP)

NOMINATION AND REMUNERATION POLICY



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INTRODUCTION

The Nomination and Remuneration Policy adopted by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee in compliance of Section 178 of the Companies Act, 2013.

This Policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by Nomination and Remuneration Committee and has been approved by the Board of Directors.

APPLICABILITY:

This policy is applicable to:

- a. Directors (Executive, non-Executive and Independent)
- b. Key Managerial Personnel (KMP)
- c. Senior Management Personnel
- d. Other employees as may be decided by the Committee ("NRC")

BRIEF OVERVIEW UNDER COMPANIES ACT 2013

{Section 178 of Companies Act, 2013}

- Constitution of the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors .
- The Nomination and Remuneration Committee shall 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 and shall carry out evaluation of Board of Directors, its committees and individual directors.
- The Nomination and Remuneration Committee shall 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 senior management personnel.
- The Nomination and Remuneration Committee shall, while formulating the policy 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;

-relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
-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.

- Such policy shall be disclosed in the Board's report.

NOMINATION & REMUNERATION COMMITTEE:

Composition:

This committee shall constitute of three or more non-executive directors out of which not less than one-half shall be independent directors.

The Chairperson of this Committee or in his absence, other member of the Committee as may be authorised by him in this behalf shall attend General Meeting of the Company.

Meetings:

This committee shall meet as and when necessary.

Sitting Fees:

No sitting fees shall be payable for attending Committee meetings.

Quorum:

Quorum for attending Committee meetings shall be one third of total strength or two directors, whichever is higher.

ROLES AND RESPONSIBILITIES OF NOMINATION AND REMUNERATION COMMITTEE:

- This Committee shall 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.
- This Committee shall 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.
- This Committee shall specify manner for effective evaluation of performance of the Board, its committees and individual directors which shall be carried out from time to time.
- The removal should be strictly in terms of the applicable law/s and in compliance of principles of natural justice.
- This Committee shall recommend to the Board, remuneration including salary, perquisite and commission to be paid to the Company's Executive Directors on an annual basis or as may be permissible by laws applicable.
- This Committee shall recommend to the Board, the Sitting Fees payable for attending the meetings of the Board/Committee thereof, and, any other benefits such as Commission, if any, payable to the Non- Executive Directors.

- This Committee shall formulate overall Remuneration Policy and other terms of employment of Directors, wherever required.

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 industrial experience.
- Appropriate other qualification/experience to meet the objectives of the Company.
- Directors including Independent Directors meet requirements as per the applicable provisions of the Companies Act, 2013 and the rules made there under.

This 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.

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.

PERFORMANCE EVALUATION:

(a) Board

Criteria for evaluation of Board inter-alia shall covers: Composition in light of business complexities and statutory requirements; establishment of vision, mission, objectives and values for the Company; laying down strategic road map for the Company, growth attained by the Company; providing leadership and directions to the Company and employees; effectiveness in ensuring statutory compliances and discharging its duties/ responsibilities towards all stakeholders; identification, monitoring & mitigation of significant corporate risks; composition of various committees, laying down terms of reference and reviewing committee's working ;compliance with Company's Code of Conduct, etc

(b) Committees of the Board

Committees of the Board shall be evaluated for their performance based on: effectiveness in discharging duties and functions conferred; setting up and implementation of various policies, procedures and plans, effective use of committee's powers as per terms of reference, periodicity of meetings, attendance and participation of Committee members, providing strategic guidance to the Board on various matters coming under committee's purview etc.

(c) Executive Directors

The performance of Managing Director, Whole Time Directors and other Executive Directors, if any, shall be evaluated on the basis of achievement of performance targets/ criteria given to them by the Board from time to time.

(d) Non-Executive Directors including Independent Directors

The performance of Non-Executive Directors including Independent Directors shall be evaluated based on: Objectivity & constructivity while exercising duties, providing independent judgment on strategy, performance, risk management and Board's deliberations; devotion of sufficient time for informed decision making; exercising duties in bona fide manner; safeguarding interest of all shareholders; upholding ethical standards of integrity & probity; updating knowledge of the Company & its external environment ; fulfillment of the independence criteria of Independent Director and their independence from the management, compliance with Company's Code of Conduct and Code of Independent Directors as per Schedule IV of the Companies Act, 2013.

The Board has carried out performance evaluation of its own , the Board Committees and of the Independent Directors, whereas at a separate meeting Independent Directors evaluated performance of the Non Independent Directors, Board as whole. All the Non-executive and Independent Directors having wide experience in their field. Their presence on the Board is advantageous and fruitful in taking business decisions.

POLICY RELATING TO APPOINTMENT & 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 organization.
- 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.

REVIEW

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