

Document setting out criteria followed by Nomination and Remuneration Committee of the Board of Visaka Industries Limited for identification, appointment, remuneration and evaluation of performance of directors

Visaka Industries Limited, as required under the provisions of Section 178 of the Companies Act, 2013 and Securities Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 (Listing Regulations) constituted a Board level committee titled "Nomination and Remuneration Committee" (herein after referred as the Committee) to oversee, inter-alia, matters relating to:

- a) 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 the manner for effective evaluation of performance of Board, its committees and individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance
- b) formulate the criteria for determining qualifications, positive attributes and independence of a director;
- c) recommend to the Board a policy relating to the remuneration in whatever form payable to the directors, key managerial personnel, senior management and other employees;
- d) specify, from time to time, the manner for effective evaluation of performance of Board, its Committees and individual directors to be carried out either by the Board or Committee or an Independent external agency and review its implementation and compliance and
- e) devise a policy on Board Diversity

Now this document sets out the framework and guidelines that the said Committee is expected to observe in discharging its functions effectively as contemplated under aforesaid provisions i.e. to oversee process of identifying persons qualified to become directors of the Company, determining their qualifications, positive attributes and independence as well as identifying persons who may be appointed in senior management in accordance with the Company's internal requirements from time to time; in making its recommendations to the Board as to their appointment or removal as the case may be and to carry out evaluation of every director's performance including Independent Directors.

This document also contains the remuneration policy relating to the remuneration of the Directors, Key Managerial and Senior Managerial Personnel as well as policy on Board Diversity as recommended by the Committee and approved by the Board.

It is to be noted that framework and guidelines set out hereunder is subject to such periodical reviews and the Committee in consultation with Board of Directors and top management of the Company, may make such alterations as may be required from time to time to meet the exigencies arising out of statutory modifications or otherwise.

Definitions: Words used hereunder will have the same meaning as defined and ascribed in the Companies Act, 2013 (herein after referred to as the Act) and SEBI Listing Regulations.

Matters pertaining to Nomination of Directors, KMPs, Senior Management and other employees

Nomination Criteria for Directors:

In identifying and recommending the candidature for appointment as Director, the Committee will consider the following criteria:

- i) Ethical standards of integrity and probity, maturity and balance of mind to perform the designated role, ability to bring exercise of independent judgment and judicious thinking, qualification, expertise as strategist, eminence in his field of expertise.

- ii) Possessing appropriate skills, experience and knowledge in one or more fields of Business including International Business, Strategy and Expansion, Engineering, Medicine, finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to preferably the company's business.
- iii) Non-disqualified under the applicable provisions of Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force, as the case may be;
- iv) Ensure that the Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years without the approval of shareholders by passing a special resolution with proper justification.
- v) Ensure that the proposed Director consents to act as Director and can devote his time and energies towards the overall development and betterment of the Company's business.
- vi) Ensure that the proposed Director discloses his interest and Company's shareholding, if any and the Committee feels that such interest will not affect in discharging his duties towards the Company in pursuance of the said appointment.
- vii) Ensure that the candidature of the Director will be in line with and promote the objectives enshrined in Company's policy on Board Diversity.

Nomination Criteria for KMPs / Senior Management personnel:

The committee will consider:

- i) Ethical standards of integrity and probity, maturity and balance of mind to perform the designated role, qualification, expertise and experience.
- ii) Possessing adequate qualification, expertise and experience as prescribed by the Company for the position he / she is considered for appointment. The Committee for this purpose, if required, will avail the assistance of other top executives of the Company but however, has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- iii) Ensure that the person discloses his interest and the Committee feels that such interest will not affect in discharging his duties towards the Company in pursuance of the said appointment.

Additional Criteria for Appointment of Independent Directors:

The Committee will consider whether the Director meets the criteria of Independence as well as other attributes as mentioned under the provisions of Section 149 of the Companies Act, 2013 read with applicable rules and Schedule IV thereunder and SEBI Listing Regulations, including any amendments made thereof from time to time.

Additional Responsibility of the Board:

It is further to be noticed that it is the responsibility of the Board to obtain other relevant and applicable approvals and procedures as laid down under the provisions of the Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force and applicable as the case may be.

Term / Tenure, Continuity and Renewal:

The Term / Tenure of the Directors shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder as amended from time to time. The terms of KMPs and other Senior Management employees shall be governed under their respective terms of appointment.

As regards the continuity or renewal of appointment of Directors; their resignation and removal, the Committee will make its recommendations to the Board, based on the periodical evaluation process to be done under this document from time to time as well as subject to observation of provisions as contemplated under the Companies Act, 2013 and other applicable laws including listing agreement relating to disqualifications, resignation, removal and retirement.

Directors, KMPs and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company respectively. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

Matters pertaining to Remuneration:

This document also sets out the following remuneration policy applicable to the remuneration payable to Directors, key managerial and other Senior Managerial personnel and other employees of the Company.

General:

- 1) The Company's remuneration policy, in general, is driven by the success and performance of the individual employee as well as his expertise in critical areas of operations of the Company.
- 2) The Committee will recommend the remuneration to be paid to the Managing Director, Whole-time Director, KMP and Senior Management Personnel to the Board for their approval and while recommending such remuneration, the Committee will consider, inter-alia, whether:
 - a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the person of the quality required to run the company successfully;
 - b) The remuneration is comparable and in proportion to the accepted industry standards;
 - c) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - d) To the extent possible, such 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:
- 3) The remuneration / compensation / commission etc. so recommended shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- 4) Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Executive Directors.
- 5) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
- 6) Loans, advances and other similar kind of benefits to KMPs, Senior Management Personnel are governed under Company's relevant policies as applicable to all the employees of the Company read with relevant provisions of all applicable laws in that connection.

Remuneration to Executive Directors, KMP and Senior Management Personnel:

a) Fixed pay:

The Executive Director/ KMPs shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and

quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc., shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

Besides, Managing Director is eligible for commission such that the total remuneration payable shall not exceed 5% of the net profits for each financial year as determined under the provisions of the Companies Act, 2013.

Remuneration payable to Senior Management Personnel is governed by their respective terms of appointment.

b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its 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 the previous approval of the Central Government.

c) Provisions for excess remuneration:

If any Executive 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 of the Central Government, where required, he / she 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.

Remuneration to Non- Executive / Independent Director:

a) Sitting Fee:

The Non- Executive / Independent Director may receive remuneration by way of fee for attending meetings of Board or Committee thereof. Provided that the amount of such fee shall not exceed such amount per meeting as may be prescribed by the Central Government from time to time and approved by the Board.

b) Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act subject to a maximum of Rs.15.00 lacs.

Matters pertaining to Evaluation:

The Company conducts its operations under the overall direction of the Board of Directors within the framework laid down by various statutes, more particularly by the Companies Act, 2013; the Articles of Association, Listing Regulations, internal code of conduct and policies formulated by the Company for its internal execution. The Board of the company is comprising of eminent people from different fields facilitating Board's diversity apart from having sufficient number of independent directors.

In the context of the company's business, Engineering, Project Execution, Marketing, business strategy and evaluation of performance with industry benchmarks in the fields of Building materials, roofing and textile (yarn) are the key core skill / expertise / competence, apart from governance, finance and taxation functions.

The Board while discharging its duties / responsibilities is assisted by various committees of the board like Audit Committee, Nomination & Remuneration Committee, Stakeholder Relationship Committee, CSR Committee, etc.

These committees are statutorily obligated to review various matters as stipulated under Companies Act, 2013 and Listing Regulations.

The company believes that it is the collective effectiveness of the Board and its committees coupled with individual performance of each director in his field of eminence, that enhances Company's performance and thus, the primary evaluation platform is that of performance of the Board as a whole, its committees and each of the directors individually.

The parameters of evaluation for Board or its committees or each of the individual directors' performance, are derived from each of its or his core role of trusteeship to protect and enhance shareholder value as well as to fulfil expectations of other stakeholders through strategic supervision of the Company.

With regard to the evaluation process; the Companies Act, 2013 read with Listing Regulations contemplates that:

- a) Nomination and Remuneration Committee, from time to time, shall lay down / specify the manner for effective evaluation of performance of Board, its Committees and individual directors to be carried out either by the Board or Committee or an Independent external agency as well as review its implementation and compliance;
- b) The Independent Directors in a separate meeting shall review, performance of the non-independent directors
- a) and the Board as a whole and performance of the Chairperson of the Company (after taking into account views of Executive and Non-Executive directors);
- b) Performance evaluation of an Independent Director shall be done by the entire board of directors, excluding the director being evaluated;

In view of the above, until further decided otherwise, the company adopts the following manner for effective evaluation of Board, its committees and individual directors:

- i. the Board shall evaluate performance of its own, its committees, Independent Directors;
- ii. the Nomination and Remuneration Committee shall evaluate every director's performance;
- iii. Independent Directors in a separate meeting shall evaluate the performance of the Board as a whole, Non- Independent Directors and chairperson

Criteria for evaluation:

Evaluation of Directors will be done based on their performance as directors apart from their specific role as independent, nonexecutive and executive directors as mentioned below:

- a. Every director will be evaluated on meeting their duties and responsibilities as enshrined under various statutes and other regulatory facet, participation in discussions and deliberations in achieving an optimum balance between the interest of company's business and its stakeholders.
- b. Executive Directors, being evaluated as Directors as mentioned above, will also be evaluated based on targets / criteria given to executive Directors by the board from time to time in addition to their terms of appointment.
- c. Independent Directors, being evaluated as a Director as mentioned above, will also be evaluated on meeting their obligations connected with their independence criteria as well as adherence with the requirements of professional conduct, roles, functions and duties specifically applicable to Independent Directors as contained in Schedule IV to the Companies Act, 2013.

The Board will evaluate each of its committee's performance based on the mandate on which the committee has been constituted and the contributions made by each member of the said committee in effective discharge of the responsibilities of the said committee.

In all these cases, be it by Board or by Independent Directors or by any of its committees, the evaluation of each Director would be done based on parameters like

- a. well informed and understand the Company, its business and the external environment in which it operates;
- b. prepare well and participate actively in the Board and its committee meetings;
- c. Effectively probe to test the assumptions; rendering independent and unbiased opinion;
- d. Resolute in holding to their views and resisting pressure from others;
- e. Follow-up on matters about which they have expressed concern;
- f. strive to attend all meetings of the Board of Directors, Committees and General meetings;
- g. Contributions in development of a Strategy, Business plan or risk management;
- h. Maintenance of good interpersonal and cordial relationship with other Board members, KMPs and Senior Management personnel;
- i. Diplomatic and convincing way of presenting their views and listening to views of others;
- j. up-to-date with the latest developments in areas such as the corporate governance framework, financial reporting and in the industry and market conditions etc.,
- k. adhering to ethical standards, code of conduct of the Company and insider trading guidelines etc.;
- l. making timely disclosures of their interest and disclosure of non-independence, when it exists and
- m. His/her contribution to enhance overall brand image of the Company.

The Nomination & Remuneration Committee will follow the same in evaluating performance of each Director of the Company.

As stated above, it is to be noted here that the Directors collectively as a Board or individually as Independent Directors, Non-Independent Director etc., will be evaluated by the Board, Independent Directors etc., based on the criteria adopted for that purpose and in the eventuality of existence of discrepancies, if any between the evaluation made by the Committee and the Board or Independent Directors, the Board of Directors will have the discretion to decide and act on the same.