



## **Vaibhav Global Limited**

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### **NOMINATION AND REMUNERATION POLICY**

#### **1. Introduction**

In terms of Section 178 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, as amended from time to time, this policy on Nomination and Remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company has been formulated by the Nomination, Remuneration and Compensation Committee of the Company and approved by the Board of Directors vide its resolution dated 14th May, 2014 and as amended from time to time. This policy shall act as a guideline for determining, inter alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

#### **1.1 Objectives of the policy: The Nomination, Remuneration and Compensation Committee shall formulate the policy:-**

- i. To lay down the criteria for determining qualifications, positive attributes and independence of a director (s).
- ii. To 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. To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks. To ensure that the remuneration to Directors, Key Managerial Personnel (KMP) and other employees of the Company 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. To lay down the criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and non-Executive) and persons who may be appointed in

the Senior Management, Key Managerial positions and to determine their remuneration.

- iii. To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies in the industry.
- iv. To lay down the criteria for performance evaluation of Independent Directors.
- v. To carry out evaluation of the performance of Individual Directors;
- vi. To retain, motivate and promote talent and to ensure long-term sustainability of talented managerial persons and create competitive advantage;
- vii. To lay down the criteria for appointment, removal of directors, Key Managerial Personnel and Senior Management Personnel; and
- viii. To devise a policy on Board diversity.

## **1.2 Definitions**

- i. 'Act' means the Companies Act, 2013, and rules thereunder, as amended from time to time.
- ii. 'Board of Directors' or 'Board', in relation to the Company, means the collective body of the Directors of the Company.
- iii. 'Committee' means Nomination, Remuneration and Compensation Committee of the Company as constituted or reconstituted by the Board.
- iv. 'Company' means Vaibhav Global Limited.
- v. 'Directors' means Directors of the Company.
- vi. 'Independent Director' means a Director referred to in Section 149(6) of the Companies Act, 2013 read with SEBI (LODR) Regulations, 2015.
- vii. 'Key Managerial Personnel' (KMP) means:
  - a. Chief Executive Officer or Managing Director or Manager
  - b. Whole-Time Director
  - c. Chief Financial Officer
  - d. Company Secretary
  - e. Such other officer as may be prescribed

- viii. 'Ministry' means the Ministry of Corporate Affairs.
- ix. 'Regulations' refers to and comprises of Companies Act, 2013, the Companies (Meeting of Board and its Powers) Rules, 2014, the Companies (Appointment and Qualification of Directors) Rules, 2014, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and such other rules as amended from time to time and provisions as applicable to the matters dealt in by this policy.
- x. 'Senior Management Personnel' for this purpose shall mean employees of the Company who are members of its core management team, excluding Board of Directors. It would include all members of management one level below the Executive Director(s), including the functional heads.

Words and expressions used and not defined in this policy but defined in the Companies Act, 2013 and rules made thereunder, as amended from time to time, shall have the same meaning respectively assigned to them therein.

## **2. Nomination, Remuneration and Compensation Committee (NRC Committee)**

### **2.1 Constitution of NRC Committee**

- (1) The Board of Directors shall constitute the NRC Committee as follows:
  - (a) the committee shall comprise of at least three Directors;
  - (b) all Directors of the committee shall be Non-Executive Directors; and
  - (c) at least fifty percent of the Directors shall be Independent Directors.
- (2) The Chairperson of the NRC Committee shall be an Independent Director.
- (3) The Chairperson of the Company, whether Executive or Non-Executive, may be appointed as a member of the NRC Committee and shall not chair such a Committee.
- (4) The Chairperson of the NRC Committee or any other member of the Committee authorized by him shall be present at the Annual General Meeting to answer shareholders' queries; however, it shall be up to the Chairperson to decide who shall answer the queries.

- (5) The committee will meet at such intervals as it deems fit to carry out the objectives set out in the policy. A minimum of Two (2) members shall constitute a quorum for the Committee meeting.
- (6) The Company Secretary shall act as Secretary to the Committee.

## **2.2 Role of the NRC Committee**

The role of the Committee, inter-alia, will be the following:

- (1) formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- (2) formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- (3) devising a policy on diversity of the Board of Directors;
- (4) Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal.
- (5) Whether to extend or continue the term of appointment of the Independent Director on the basis of the report of performance evaluation of Independent Directors.

## **3. Applicability**

This policy is applicable to:

- i. Directors viz. Executive, Non-Executive and Independent
- ii. Key Managerial Personnel
- iii. Senior Management Personnel
- iv. Other employees of the Company, as may be decided by the Board of Directors of the Company

## **4. Appointment of Director, KMP and Senior Management**

- i. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at the Senior Management level and recommend to the Board his/her appointment.

- ii. A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has the discretion to decide whether qualifications, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- iii. Appointment of Independent Directors is subject to the compliance of provisions of Section 149 of the Companies Act, 2013 read with schedule IV and rules made thereunder and SEBI (LODR) Regulations, 2015.

## **5. Term / Tenure**

### **5.1 Managing Director / Whole-Time Director**

The Company shall appoint or re-appoint any person as its Executive Director, Managing Director or Whole-Time Director for a term not exceeding five years at a time.

### **5.2 Independent Director**

Subject to the provisions of the applicable regulations, an Independent Director shall hold office for a term of up to five consecutive years on the Board of the Company.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after the expiry of three years of ceasing to become an Independent Director.

## **6. Evaluation**

The Committee shall carry out evaluation of performance of every Director annually.

The Committee shall identify the evaluation criteria which will evaluate Directors based on knowledge, to perform the role, time and level of participation, performance of duties, level of oversight, professional conduct and independence.

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

Framework for performance evaluation of Independent Directors and the Board is as per 'Annexure A' to this policy

## **7. Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend to the Board with reasons for removal of a Director, KMP

or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

## **8. Retirement**

The Directors, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and/or prevailing policy of the Company. The Board will have the discretion to retain the Directors, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## **9. Matters relating to remuneration, perquisites for the Managing / Whole-time Director, KMP and Senior Management Personnel**

1. The remuneration/compensation/profit related commission etc. to the Managing Director, Whole-Time Directors, Non-Executive Directors (including Independent Directors) will be determined by the committee and recommended to the Board for approval up to the limit specified under the Companies Act, 2013 and/or as approved by shareholders as may be applicable.
2. With respect to the remuneration of KMP, Senior Management Personnel and other employees, the determination shall be effected by way of presentation before the Chairman of the Board by HR Head and/or by the Chief Financial Officer, which would have the requisite details. The Chairman of the Board shall peruse the same and approve accordingly.
3. Where any insurance is taken by the Company on behalf of its Managing Director, Whole-Time Director, 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.

## **10. Remuneration to Whole-Time / Executive / Managing Director**

### **10.1 Remuneration**

The Managing Director/Whole-Time Director shall be eligible for remuneration as may be approved by the shareholders of the Company on the recommendation of the committee and the Board of Directors. The break-up of the pay scale, performance bonus and quantum of perquisites including employer's contribution to PF, pension scheme, medical expenses, club fees, etc. shall be decided and approved by the Board on the recommendation of the committee and shall be within the overall remuneration approved by the shareholders and central government, wherever required

## **10.2 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 and Whole-Time Directors in accordance with the provisions of the Companies Act, 2013.

## **10.3 Provisions for excess remuneration**

If the Managing Director and any Whole-Time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013, 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.

## **11. Remuneration to non-Executive/Independent Director**

### **11.1 Sitting fees**

The non-Executive/Independent Directors of the Company may receive remuneration by way of sitting fees for attending the meeting of the Board of Directors or Committee thereof, provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013 and rules framed or such amount as may be prescribed by the central government.

### **11.2 Profit-linked commission**

The profit-linked commission may be paid within the monetary limit approved by the shareholders of the Company as a percentage of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013 and rules framed thereunder.

### **11.3 Stock options**

An Independent Director shall not be entitled to any stock options of the Company.

## **12. Remuneration to KMP, Senior Management Personnel and Other Employees**

The KMP except Managing Director and Whole-Time Director, Senior Management Personnel and other employees of the Company shall be paid monthly remuneration as per the Company's HR policies and/or as approved by the Board/Chairman of the Board on the recommendation of the committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to PF, pension scheme, medical expenses, club fees, etc. shall be as per the Company's HR policies.

The HR Head and/or the Chief Financial Officer of the Company will make presentation(s) before the Chairman of the Board which would have requisite details setting out the proposed performance bonus payouts for the current financial year as well as the proposed increments for the next financial year. The Chairman of the Board shall peruse and approve the same unless required under relevant regulations to refer the same to the Board of Directors and/or shareholders of the Company.

This Remuneration policy shall apply to all future/continuing employment/engagement(s) with the Company. In other respects, the Remuneration policy shall be of guidance for the Board. Any departure from the policy shall be recorded and reasoned in the Committee and Board meeting minutes.

The remuneration for KMP and Senior Managerial Personnel and other employees of the Company shall be approved by the Chairman of the Board based on the recommendation/ presentation by the HR Head and/or the Chief Financial Officer of the Company. In case any of the relevant regulations require that remuneration of KMPs or any other officer is to be specifically approved by the Committee and/or the Board of Directors then such approval will be accordingly procured.

### **13. Amendments to the policy**

The Board of Directors on its own and /or as per the recommendations of NRC committee can amend this policy as and when it deems fit.

In case of any amendment(s), clarification(s), circular(s), etc. issued by the relevant 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.

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**Framework for performance evaluation of Independent Directors and the Board**

In view of the Compliance of the provisions of the Companies Act, 2013 and Regulations 19 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Nomination, Remuneration & Compensation Committee (the "Committee") has laid down the process, format attributes and criteria for performance evaluation of the Board, Board Committee and Individual Directors including the Chairman and Managing Director,

Performance of the Board and Board Committees were evaluated on various parameters such as structure, composition, quality, diversity, experience, competencies, performance of specific duties and obligations, quality of decision-making and overall Board effectiveness. Performance of individual Directors was evaluated on parameters, such as meeting attendance, participation and contribution, responsibility towards stakeholders and independent judgement.

Chairman and MD & CEO were evaluated on certain additional parameters, such as Performance of the Company, leadership, relationships and communications, recognition and awards to the Company.

Some of the performance indicators based on which Independent Directors were evaluated include:

- Devotion of sufficient time and attention towards professional obligations for independent decision and acting in the best interest of the Company.
- Provides strategic guidance to the Company and determine important policies with a view to ensure long-term viability and strength.
- Bringing external expertise and independent judgement that contributes to the objectivity of the Board's deliberation, particularly on issues of strategy, performance and conflict management.

The Committee has established the following processes for evaluation of performance of Independent Director and the Board:

1. Once a year, the Board will conduct a self-evaluation. It is the responsibility of the Chairman of the Board, supported by the Company Secretary of the Company, to organize the evaluation process and act on its outcome;
2. The Committee shall formulate evaluation criteria for the Board, Committees and the Individual Directors which shall be broadly based on:

- 2.1 Knowledge to perform the role;
- 2.2 Time and level of participation;
- 2.3 Performance of duties and level of oversight; and
- 2.4 Professional conduct and independence.

- 3. The Board /Independent Directors shall be asked to complete the evaluation forms and submit the same to the Chairman.
- 4. The formats for Performance Evaluation of the Board of Directors, Non-independent Directors, Chairman and Independent Directors are the part of the Policy.

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