



NOMINATION & REMUNERATION POLICY

1. Introduction

The Company considers human resources as its invaluable assets. This policy on nomination and remuneration of Directors, Key Managerial Personnel (KMPs) and senior management has been formulated in terms of the provisions of the Companies Act, 2013 (“Act”) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) in order to pay equitable remuneration to the Directors, KMPs and senior management of the Company and to harmonize the aspirations of human resources consistent with the goals of the Company.

2. Objective and purpose of the policy

The objectives and purpose of this policy are:

2.1. To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive / Non-Executive) and recommend to the Board policies relating to the remuneration of the Directors, Key Managerial Personnel and senior management. This includes, reviewing and approving corporate goals and objectives relevant to the compensation of the Managing Director (MD) (unless otherwise mentioned the expression of Managing Director includes Joint Managing Director), evaluating the MD’s performance in light of those goals and objectives, and, either as a committee or together with the other independent directors (as directed by the board), determine and approve the MD’s compensation level based on this evaluation; and making recommendations to the board with respect to non-managerial executive officer compensation, and incentive-compensation and equity- based plans that are subject to board approval;

2.2. The policy also addresses the following items:

- i. Committee member qualifications;
- ii. Committee member appointment and removal;
- iii. Committee structure and operations; and
- iv. Committee reporting to the Board.

2.3. To formulate the criteria for evaluation of performance of all the Directors on the Board;

2.4. To devise a policy on Board diversity; and

2.5. To lay out remuneration principles for senior management linked to their effort, performance and achievement relating to the Company’s goals.

3. Constitution of the Nomination and Remuneration Committee

The Constitution of the Nomination & Remuneration Committee is in line with the requirements under the Companies Act, 2013 (“Act”) and Listing Regulations.

The Board has authority to reconstitute this Committee from time to time.

Definitions

‘Board’ means Board of Directors of the Company.

‘Directors’ means Directors of the Company.

‘Committee’ means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable Listing agreements and/or regulations.

‘Company’ means Vishnu Chemicals Limited.

‘Independent Director’ means a Director referred to in Section 149(6) of the Companies Act, 2013 read with Regulation 16(b) of Listing Regulations.

‘Key Managerial Personnel (KMP)’ means-

- i. the Managing Director or the Chief Executive Officer or the manager and in their absence, a Whole-time Director;
- ii. the Company Secretary; and
- iii. the Chief Financial Officer.

“Senior Management” shall mean company secretary and chief financial officer and all other officers/personnel of the company one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board)

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and Listing Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.

General

This Policy is divided in three parts: -

Part – A: covers the matters to be dealt with and recommended by the Committee to the Board;

Part – B: covers the appointment and nomination; and

Part – C: covers remuneration and perquisites etc.,

This policy shall be included in the Report of the Board of Directors as per the provisions of Act.

Part – A

Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee:

The following matters shall be dealt by the Committee:-

a. Size and composition of the Board:

Periodically reviewing the size and composition of the Board to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company as a whole;

b. Directors:

Formulate the criteria determining qualifications, positive attributes and independence of a Director and recommending candidates to the Board, when circumstances warrant the appointment of a new Director, having regard to the range of skills, experience and expertise, on the Board and who will best complement the Board;

c. Succession plans:

Establishing and reviewing Board and senior management succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management;

d. Evaluation of performance:

- i. Make recommendations to the Board on appropriate performance criteria for the Directors.
- ii. Formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company and the Board as a whole in accordance with the guidance note issued by SEBI;
- iii. Identify ongoing training and education programs for the Board to ensure that Non-Executive Directors are provided with adequate information regarding the options of the business, the industry and their legal responsibilities and duties.

e. Board diversity:

The Committee is to assist the Board in ensuring Board nomination process with the diversity of gender, thought, experience, knowledge and perspective in the Board, in accordance with the Board Diversity Policy.

f. Remuneration framework and policies:

The Committee is responsible for reviewing and making recommendations to the Board on:

- i. the remuneration of the Managing Director, Whole-time Directors and KMPs
- ii. the total level of remuneration of Non-Executive Directors and for individual remuneration for Non- Executive Directors and the Chairman, including any additional fees payable for

membership of Board committees;

iii. the remuneration policies for KMPs and senior management including base pay, incentive payments, equity awards, retirement rights and service contracts having regard to the need to:-

- attract and motivate talent to pursue the Company's long term growth;
- demonstrate a clear relationship between executive compensation and performance; and
- be reasonable and fair, having regard to best governance practices and legal requirements.

iv. the Company's equity based incentive schemes including a consideration of performance thresholds and regulatory and market requirements;

v. the Company's superannuation arrangements and compliance with relevant laws and regulations in relation to superannuation arrangements; and

vi. the Company's remuneration reporting in the financial statements and remuneration report.

PART – B

Policy for appointment and removal of Director, KMPs and Senior Management

a. Appointment criteria and qualifications

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or senior management level and recommend to the Board his / her appointment.

2. A person to be appointed as Director, KMP or senior management level should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

3. A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise and insights in sectors / areas relevant to the Company, ability to contribute to the Company's growth, complementary skills in relation to the other Board members.

4. The Company shall appoint or continue the employment of any person as Managing Director / Executive Director who has attained the age of seventy years as per the provisions of the Companies Act, 2013.

5. A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of the Company.

b. Term / Tenure

1. Managing Director / Whole-time Director

The Company shall appoint or re-appoint any person as its Managing Director or Whole-

time Director 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.

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 and disclosure of such appointment in the Board's report.

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 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. However, if a person who has already served as an Independent Director for five years or more in the Company as on April 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of five years only.

At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time (Executive) Director of a listed company.

c. 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 recorded in writing, removal of a Director or KMP subject to the provisions and compliance of the said Act, rules and regulations.

d. Retirement

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

PART – C

Policy relating to the remuneration for Directors, KMPs and senior management:

General

1. The remuneration / compensation / commission etc. to Directors will be determined by the Committee and recommended to the Board for approval.
2. The remuneration and commission to be paid to the Managing Director/ other Executive Directors shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.
3. Increments to the existing remuneration / compensation structure may be recommended

by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managing Director.

4. Where any insurance is taken by the Company on behalf of its Managing Director, Chief Financial Officer, the Company Secretary and other senior management 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.

Remuneration to Directors, KMPs and senior management:

The policy on remuneration for KMPs and other senior management is as below:-

1. Fixed pay

The remuneration and reward structure for senior management comprises two broad components — annual remuneration and long-term rewards. The Committee would determine the remuneration of the Directors & KMP and formulate guidelines for remuneration payable to the senior management.

These guidelines are as under:

a. Annual remuneration:

Annual remuneration refers to the annual compensation payable to the senior management of the Company. This comprises two parts - a fixed component, and a performance-linked variable component based on the extent of achievement of the individual's objectives and performance of the organization/ business unit. Every senior management employee is required to sign a performance contract which clearly articulates the key performance measures for that particular defined role. The performance-linked variable pay will be directly linked to the performance on individual components of the performance contract and the overall performance of the organization. A senior management employee's variable pay would, therefore, be directly dependent on key performance measures that represent the best interests of organization.

The objective is to set the total remuneration at levels to attract, motivate, and retain high-caliber, and high potential personnel in a competitive global market. The total remuneration level is to be reset annually based on a comparison with the relevant peer group globally, established through independent compensation surveys, from time to time.

b. Long-term rewards:

Long-term rewards may include Long-Term Incentive Plans (LTIP) under which incentives would be granted to eligible key senior management employees based on their contribution to the performance of the Company, relative position in the organisation, and length of service under the supervision and approval of the Committee. The company could implement various long term awards schemes that could include Long Term Incentive Programme (LTIP) spread over several years with payouts in multiple tranches linked to Company's performance. Another form of long term awards could be in the nature of stock options of the company. Stock Options may be granted to key senior management and high performers in the organisation who would be selected by the Committee based on their

criticality, past performance and potential. The grant, vesting and other scheme details would be formulated from time to time.

These long-term reward schemes are implemented to attract and retain key talent in the industry.

2. Minimum remuneration to Managing Director

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director/ Executive Directors in accordance with the provisions of the Companies Act, 2013.

Remuneration to Non-Executive / Independent Directors

1. Remuneration

The remuneration payable to each Non-Executive Director is based on the remuneration structure as determined by the Board, and is revised from time to time, depending on individual contribution, the Company's performance, and the provisions of the Companies Act, 2013 and the rules made thereunder.

The remuneration to the Non-executive Directors (including Independent Directors) may be paid within the monetary limit approved by the shareholders as per the applicable provisions of the Companies Act, 2013.

2. Stock options

The Independent Directors shall not be entitled to any stock option of the Company.

Policy review

This policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and the requirements of the SEBI LODR Regulations.

In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modifications on the policy as recommended by the Committee would be given for approval of the Board of Directors.

This Policy is updated and approved on 09.02.2018.