

NOMINATION, REMUNERATION & EVALUATION POLICY

V-GUARD INDUSTRIES LIMITED

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1. INTRODUCTION

As per the provisions of Section 178 of the Companies Act, 2013 (“the Act”) and Regulation 19 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”), the company shall constitute a Nomination and Remuneration Committee and such 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 and recommend to the Board their appointment and removal.

The 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 of the directors, key managerial personnel and other employees.

Further, Sections 134 & 149 of the Act requires every listed company to have a formal evaluation mechanism to evaluate the performance of the Board, its Committees and Individual Directors. Section 178 of the Act further provides that Nomination & Remuneration Committee of the Company shall specify 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.

In compliance of the above requirements, V-Guard Industries Limited being a Listed Company has constituted a Nomination and Remuneration Committee and the Committee has formulated a Nomination, Remuneration and Evaluation Policy to provide a framework and set standards for the nomination and remuneration of the Directors, Key Managerial Personnel and Other employees and evaluation of the Directors. The Company aims to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management.

2. DEFINITIONS

- a. **“Act”** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time;
- b. **“Company”** shall mean V-Guard Industries Limited.
- c. **“Board/Board of Directors”** shall mean Board of Directors of the Company.
- d. **“Director”** shall mean a director appointed to the Board of a Company.
- e. **“Independent Director”** means a director referred to in Section 149 (6) of the Companies Act, 2013 and in Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



- f. **“Key Managerial Personnel (KMP)”** means persons referred to in Section 2(51) of Companies Act, 2013’
- (i) The Chief Executive Officer or the Managing Director or the Manager;
 - (ii) Company Secretary;
 - (iii) Whole-time Director;
 - (iv) Chief Financial Officer;
 - (v) Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
 - (vi) Such other officer as may be prescribed in the Act.
- g. **“Nomination & Remuneration Committee of the Company”** means a sub- committee of the Board constituted in accordance with the provisions of Section 178(1) of the Act and Regulation 19(1) of the Listing Regulations and consists of five Independent Directors as members.
- h. **“Senior Management”** shall means the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

3. CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee means a Committee of Directors constituted under Section 178 of Companies Act, 2013, read with rules made thereunder and Regulation 19(1) of SEBI (LODR) Regulations, 2015:

- a. The Board shall determine the membership of the Committee.
- b. The Committee shall comprise of at least three members, all of whom shall be Non-Executive Directors, and at least fifty percent of whom shall be Independent Directors.
- c. One of the Independent Non-Executive Director shall be designated by the Board to serve as the Committee’s Chairman. Provided that the Chairperson of the listed entity, whether Executive or Non Executive, may be appointed as a member of the Committee and shall not chair the Committee.
- d. The Chairman of the nomination and remuneration committee may be present at the annual general meeting, to answer the shareholders’ queries; however, it shall be up to the chairperson to decide who shall answer the queries. In case of his absence, any other member of the Committee authorised by him in this behalf shall attend the general meetings of the Company.
- e. The nomination and remuneration committee shall meet at least once in a year.
- f. The quorum for a meeting of the nomination and remuneration committee shall be either two members or one third of the members of the committee,



whichever is greater, including at least One Independent Director in attendance.

The Board constituted the “Nomination and Remuneration Committee” of the Board in line with the requirements under the Act. The Board has authority to reconstitute this Committee from time to time.

4. OBJECTIVE OF NOMINATION & REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee is responsible for:

- a. Reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board annually and making recommendations on any proposed changes to the Board to complement the Company’s corporate strategy, with the objective to diversify the Board.
- b. Identifying individuals suitably qualified to be appointed as Directors, KMPs and Senior Management Personnel of the Company.
- c. Recommending to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- d. Recommending to the Board to provide any kind of reward to KMPs and Senior Management Personnel linked to their performance and achievement relating to the Company’s operations.
- e. Ensuring that level and composition of remuneration is reasonable and sufficient and relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- f. Assessing the independence of Independent Directors.
- g. Evaluating the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board members.
- h. Making recommendations to the Board concerning any matters relating to the continuation in office of any Director, subject to the provisions of law and their service contracts. Further, the extension or continuation of the term of appointment of the Independent Director shall also be on the basis of the report of performance evaluation of Independent Directors.
- i. Devising a policy on Board diversity.
- j. Developing a succession plan for the Board, KMPs and Senior Management and to regularly review the plan.
- k. To recommend to the Board, all remuneration, in whatever form, payable to senior management.
- l. Such other key issues or matters as may be referred by the Board or as may be necessary in view of the Listing Regulations and provisions of the Act and Rules made thereunder.



5. POLICY FOR APPOINTMENT, REMOVAL AND RETIREMENT OF DIRECTOR, KMP AND SENIOR MANAGEMENT

a. Appointment criteria and qualifications

- i. The Committee shall identify and ascertain the qualification, expertise, industry experience, integrity, background and other qualities of the persons for appointment as Director, KMP or at Senior Management level and recommend to the Board his /her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position concerned.
- ii. The Committee shall assess the criteria of independence fulfilled by the appointee in case of recommending a person for appointment / re-appointment as Independent Director.
- iii. The Committee shall consider the extent to which the person proposed to be appointed as Director, is likely to contribute to the overall effectiveness of the Board and work constructively with the existing directors and enhance the efficiencies of the Company.
- iv. The Committee shall consider the nature of existing positions held by the appointee including directorships or other relationships and the impact it may have on the appointee's ability to exercise independent judgement.
- v. The Committee shall consider the appointment of any person who has attained the age of 70 years as Managing Director, Whole-time Director or Manager, only with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for such appointment.
- vi. The Committee shall ensure that no appointment or continuance of the directorship of any person as a non-executive director who has attained the age of seventy-five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice indicates the justification for appointing such a person.
- vii. The Committee shall ensure that the new Directors, KMPs and Senior Management are provided adequate training about the operations of the Company and reviewing the training procedures from time to time.
- viii. The Committee shall ensure that formal letter of appointment is given to the Independent Directors at the time of their appointment.
- ix. The Committee shall ensure that the Managing Director or Whole-time Director should fulfill the conditions specified in Section 196 read with Schedule V of the Act.



b. Term/Tenure

- i. The Committee shall recommend the appointment or re-appointment of any person as , Managing Director, Whole-time Director, Executive Director or Manager for a term not exceeding five years at a time.
- ii. The Committee shall recommend that shareholders' approval be required for a directors' continuation on the board at least once every 5 years from the date of their appointment or reappointment with effect from April 1, 2024. For directors serving as of March 31, 2024, without shareholders' approval for the last 5 years or more, such approval must be obtained in the first general meeting after March 31, 2024. This requirement is not applicable to (i) whole-time director, (ii) MD, (iii) manager, (iv) independent director, or (v) director retiring by rotation, (vi) director appointed pursuant to the order of a court / tribunal, (vii) nominee director of the Government of a listed entity, other than a public sector company, (viii) nominee director of a financial sector regulator, or (ix) director nominated by a RBI regulated / registered financial institution under a lending arrangement (normal course) or nominated by a SEBI registered debenture trustee under a subscription agreement.
- iii. The Committee shall recommend appointment or re-appointment of any person as Independent Director for a term up to five consecutive years and ensure that no Independent Director is holding office for more than two consecutive terms.
- iv. Recommending to the Board, appointment of KMPs/ Senior Management as per the provisions of the Act and policy of the Company.

c. Removal

Due to reasons for any disqualification mentioned in the Act or any other applicable laws, Act, rules and regulations or any other reasonable ground, the Committee may recommend to the Board with reasons recorded in writing, for removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

d. Retirement

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

6. DUTIES OF THE COMMITTEE IN RELATION TO NOMINATION MATTERS

- a. Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act or under SEBI (LODR) Regulations, 2015;
- b. Determining the appropriate size, diversity and composition of the Board;



- c. Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- d. Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- e. Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- f. Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- g. Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- h. Recommend any necessary changes to the Board; and
- i. Considering any other matters, as may be requested by the Board.

7. POLICY RELATING TO THE REMUNERATION FOR THE MANAGING DIRECTOR, WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

(a) Guiding Principles

The guiding principle is that remuneration and the other terms of employment should effectively help in attracting and retaining committed and competent personnel. The following are the guiding principles in formulating the remuneration policy:

- i. 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.
- ii. No Director director/KMP/ other employee is involved in deciding his or her own remuneration.
- iii. Improved performance should be rewarded by increase in remuneration and suitable authority for value addition in future.
- iv. 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.
- v. Provisions of law with regard making payment of remuneration, as may be applicable, are complied.
- vi. The Committee ensures that the relationship of remuneration to performance is clear and meets appropriate benchmarks.



- vii. To determine remuneration based on Company's size and financial position and trends and practice on remuneration prevailing in the similar Industry. When determining the remuneration policy and arrangements for Directors/ KMP's and Senior Management, the Committee considers pay and employment conditions with peers / elsewhere in the competitive market to ensure that pay structures are appropriately aligned and that levels of remuneration remain appropriate in this context.
- viii. There is an alignment of performance metrics with business plans and strategy, corporate performance targets and interest of stakeholders;
- ix. Quantitative and qualitative assessments of performance are used to making informed judgments to evaluate performances;
- x. There is sufficient flexibility to take into account future changes in industry and compensation practice.

(b) Remuneration for Managing Director, Whole-time / Non-Executive / Independent Directors

- i. The remuneration including commission payable to Managing Director, Whole-time Directors will be determined by the Committee in accordance with the provisions of the Articles of Association of the Company and the Act and recommended to the Board for approval, subject to the approval of the shareholders of the Company wherever required. The Managing Director and Whole-time Directors shall be eligible for a monthly fixed pay /variable pay as per Company's Policy.
- ii. The Committee shall 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.
- iii. If in any Financial Year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director, Whole-time Directors or Manager or any other non-executive director including independent director in accordance with the provisions of Schedule V of the Act.
- iv. Increments to the existing remuneration structure may be recommended by the Committee to the Board which should be within the limits approved by the shareholders.
- v. Where any insurance is taken by the Company on behalf of its Directors, for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to them. Provided that, if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
- vi. Non- Executive Directors and Independent Directors may be paid remuneration by way of commission within the limits allowed under Act and SEBI



Regulations/shareholders' approval sought from time to time.

- vii. Non-Executive and Independent Directors shall receive remuneration by way of fees for attending the meetings of Board and sub- committees of the Board, in which they hold membership / chairmanship as the case may be. Sitting fee payable shall be fixed and approved by the Board within the limits as prescribed in the Act. Managing Director, Whole Time Director and Executive Directors of the Company are not eligible to receive Sitting Fee for attending any meetings.
- viii. Independent Directors are not entitled to any stock option of the Company.

(c) Remuneration for Key Managerial Personnel and Other Employees

- i. The Committee shall take into account the qualification, industry experience, integrity of the appointee, existing remuneration level for similar positions in other companies operating in the same sector etc., while fixing the remuneration payable to the KMPs and Senior Management Personnel. The remuneration payable shall be structured in such way that it consists of fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- ii. The Committee may also consider giving ESOP to KMPs & Senior Management.

8. DUTIES OF THE COMMITTEE IN RELATION TO REMUNERATION MATTERS:

The duties of the Committee in relation to remuneration matters include:

- a. To consider and determine the Remuneration Policy, based on the performance and bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate and all elements of the remuneration of the members of the Board.
- b. To ensure the remuneration maintains a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Company.
- c. To delegate any of its powers to one or more of its members or the Secretary of the Committee.
- d. To consider any other matters as may be requested by the Board
- e. To review professional indemnity and liability insurance for Directors and senior management.



9. PERFORMANCE EVALUATION OF BOARD

As per the provisions of Section 134 and 178 of the Act, the performance of the Board of a Company is to be evaluated annually by the Nomination and Remuneration Committee and a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors shall be mentioned in the Board's report.

The Company's Board consists of optimum combination of Executive and Non- Executive Directors and performance evaluation of the Board as a whole, each individual director and sub-committees of the Board is to be carried out, to ensure that with the efficient performance of the Board, the Company's objectives are achieved and stakeholders' expectations are met.

The Board will undertake the following activities in each financial year for evaluating the performance of the directors:

- i. The Board shall discuss the operating and financial performance, strategic proposals, risk management and key appointments and standards of conduct.
- ii. The Board shall ensure that the Company has adopted best governance practices in all spheres of its operations which results in enhanced value for the stakeholders.
- iii. The Board as a whole will discuss and analyze its own performance during the year.
- iv. The Board shall review the performance of Independent Directors, excluding the Director being evaluated.
- v. The Board shall review from time to time the necessity of forming any sub- committees of the Board and delegating certain of its powers, duties and responsibilities to such sub-committees.
- vi. The Board shall review the terms of reference of the sub-committees to ensure that these are in line with the provisions of the Act, Listing Regulations or such other regulations that may be in force.
- vii. The Board shall review the adequacy of number of meetings and provide suggestions for improving Board deliberations.
- viii. The Board Shall ensure that minimum information is made available to the Board as specified in Annexure/Schedule to the Listing Regulations.
- ix. The Board shall ensure that as per the provisions of the Act and the Listing Regulations, matters which are to be discussed and decided in Board meeting are placed and decided at the Board meeting.
- x. The Board shall from time to time review those matters which have a bearing on the operations / performance of the Company and need to be compulsorily informed to the exchange.



10. REVIEW AND AMENDMENT

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

This policy may be amended or substituted by the NRC or by the Board as and when required and where there are any statutory changes necessitating the change in the policy. Any subsequent notification, circular, guidelines or amendments under Act and Listing Regulations as may be issued from time to time shall be mutatis mutandis applicable without any further modification or amendment in this policy.