



Since 1986

VALUVANADU CAPITAL LIMITED

NOMINATION AND REMUNERATION POLICY

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NOMINATION AND REMUNERATION POLICY

1. Introduction:

This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee, in compliance with **Section 178 of the Companies Act, 2013** read along with applicable rules thereto.

2. Objectives of the Committee:

The Committee shall:

- i 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 Directors, key managerial personnel and other senior employees.
- ii Formulation of criteria for evaluation of the Independent Director and to carry out evaluation of every Director's performance and to provide necessary report to the Board for further evaluation.
- iii Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- iv To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- v To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- vi Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- vii To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- viii To perform such other functions as may be necessary or appropriate for the performance of its duties.
- ix To develop a succession plan for the Board and to regularly review the plan.

3. Definitions:

- i **“Act”:** - Act means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- ii **“Board”:** -Board means Board of Directors of the Company.
- iii **“Director”:** -Directors means Directors of the Company.
- iv **“Committee”:** -Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.
- v **“Company”:** - Company means Valuvanadu Capital Ltd.
- vi **“Independent Director”:** -As provided under the Companies Act, 2013, ‘Independent director’ shall mean a non-executive director, other than a nominee director of the Company;
- vii **“Key Managerial Personnel”:** - Key Managerial Personnel (KMP) means-
 - a) the Chief Executive Officer or the managing director or the manager;
 - b) the Whole-Time Director;
 - c) the Company Secretary;
 - d) the Chief Financial Officer; and
 - e) such other officer as may be prescribed under the applicable statutory provisions/ regulations
- viii **“Senior Management”:** - The expression “senior management” means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors and above the grade of General Manager.
- ix **“Nomination and Remuneration Committee”** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013.
- x **“Policy or This Policy” means, “Nomination and Remuneration Policy.**
- xi **“Remuneration” means any money or its equivalent given or passed to any person** for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

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

4. Guiding Principles:

The Policy ensures that:

- i 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
- ii Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- iii 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.

5. Applicability:

The Policy is applicable to

- i Directors (Executive and Non Executive)
- ii Key Managerial Personnel
- iii Senior Management Personnel

6. Constitution of the Nomination and Remuneration Committee:

The Board has the power to constitute/ reconstitute the Committee from time to time in order to make it consistent with the Company's policy and applicable statutory requirement.

7. Membership:

- i The Committee shall consist of a minimum one Executive Director and **3 non-executive directors**, majority of them being independent.
- ii Minimum two (2) members shall constitute a quorum for the Committee meeting.
- iii Membership of the Committee shall be disclosed in the Annual Report.

- iv Term of the Committee shall be continued unless terminated by the Board of Directors.

8. Chairman:

- i Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- ii In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- iii Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

9. Frequency of Meetings:

The Committee shall meet at such regular intervals as may be required.

10. Committee Members' Interests:

- i A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- ii The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

11. Secretary:

The Company Secretary of the Company shall act as Secretary of the Committee.

12. Voting:

- i Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- ii In the case of equality of votes, the Chairman of the meeting will have a casting vote.

13. General Appointment Criteria:

- i The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.
- ii The Company should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made there under or any other enactment for the time being in force.
- iii The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made there under, or any other enactment for the time being in force.
- iv The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Executive and Non-Executive Directors/ Independent Directors/ KMPs/ Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years 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 extension of appointment beyond seventy years.

14. Term / Tenure:

The Term / Tenure of the Directors shall be governed as per provisions of the Companies Act, 2013 and rules made there under as amended from time to time.

- i Managing Director/Whole-time Director/Manager (Managerial Person):- The Company shall appoint or re-appoint any person as its Managerial Person 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.

- ii 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 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. At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves as an Independent Director.

15. Evaluation:

The Committee may carry out evaluation of performance of every Director, KMP and Senior Management at regular intervals (yearly).

16. Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable Act, rules and regulations or any other reasonable ground, the Committee may recommend to the Board for removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

17. Retirement:

The Director, KMP and Senior Management 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 Director, KMP, Senior Management in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

18. Criteria for Evaluation of the Board:

Following are the Criteria for evaluation of performance of the Board:

1. Executive Directors:

The Executive Directors shall be evaluated on the basis of targets/Criteria given to executive Directors by the Board from time to time.

2. Non Executive Director:

The Non Executive Directors shall be evaluated on the basis of the following criteria i.e. whether they:

- i act objectively and constructively while exercising their duties;
- ii exercise their responsibilities in a bona fide manner in the interest of the Company;
- iii devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- iv do not abuse their position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- v refrain from any action that would lead to loss of his independence
- vi assist the Company in implementing the best corporate governance practices.
- vii strive to attend all meetings of the Board of Directors and the Committees;
- viii participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- ix strive to attend the general meetings of the Company;
- x keep themselves well informed about the Company and the external environment in which it operates;
- xi do not to unfairly obstruct the functioning of the board or committee of the Board;
- xii moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.
- xiii abide by Company's Memorandum and Articles of Association, Company's policies and procedures including code of conduct, insider trading etc.

19. Policy on Board diversity:

The Board of Directors shall have the optimum combination of Directors from the different areas/fields like Operations, Management, Quality Assurance, Customer Relations, Finance, Sales and Marketing, Research and Development, Human Resources etc. or as may be considered appropriate. The Board shall have at least one Board member who has accounting or related financial management expertise and financially literate.

20. Remuneration:

The Committee will recommend the remuneration to be paid to the Managing Director, Whole Time Director, Executive and Non-Executive Director, KMP and Senior Management Personnel to the Board for their approval. The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel and Senior Management of the quality required to run the Company successfully. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals:

21. General:

- i The remuneration / compensation / commission etc. to Managerial Person, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- ii The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
- iii 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 Managerial Person.
- iv Where any insurance is taken by the Company on behalf of its Managerial Person, KMP 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.

22. Remuneration to Managerial Person, KMP and Senior Management:

- i Fixed pay: Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
- ii Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government/ appropriate authority.
- iii Provisions for excess remuneration: If any Managerial Person draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government or share holder's approval as the case may be, 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.

23. Remuneration to Non-Executive / Independent Director:

- i Remuneration / Commission: The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
- ii Sitting Fees: The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- iii Limit of Remuneration /Commission: Remuneration /Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

24. Minutes of Committee Meeting:

Proceedings of all meetings must be recorded in the minutes book and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Committee meeting.

25. Deviations from this policy

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.
