

## **Viyash's Policy on Director's Appointment and Remuneration**

The Company has adopted a policy called "Viyash's Policy on Director's Appointment and Remuneration" in terms of Section 178(3) of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Nomination and Remuneration Committee ("the Committee") at its meeting held on February 01, 2019 had approved this policy.

### **Scope of the Policy:**

This policy is applicable to Viyash Scientific Limited, its subsidiaries and joint ventures (together referred to as "Viyash") and the Directors, Key Managerial Personnel and Senior Management of the Company

This policy will be a guide for human resource management, thereby aligning plan for strategic growth of the company.

### **Definition**

- 'the Act' means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 'Board' means the Board of Directors of the Company.
- 'Committee' means the Nomination and Remuneration Committee
- 'Directors' mean Directors of the Company.
- 'Key Managerial Personnel' means Chief Executive Officer and Managing Director, Whole-time director, Chief Financial Officer, Company Secretary; and such other officer as may be prescribed under the Act.
- 'Senior Management' shall mean senior management as defined under Regulation 16(1)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time.

## **SECTION I**

### **The Committee:**

The board has constituted the Committee in line with requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulation 2015 to oversee the functions related to appointment and remuneration of the Directors, Key Managerial Personnel and Senior Management.

### **Composition and meetings**

The term of composition and requirements as to the meeting of the committee is following:

- The committee shall consist of minimum three non-executive directors out of which two third shall be independent directors.
- The Chairman of the Committee shall be independent Director and who shall not be Chairman of the Company
- The quorum shall be either 2 members or one third of the member whichever is greater including atleast one independent Director in Attendance.
- Constitution of the committee shall be disclosed in the Annual Report
- Terms of the committee shall be continued unless terminated by Board of Directors.

The Committee shall meet atleast once in a year.

### **Key Objectives of Committee:**

Key objectives of the committee is:

- To identify persons who are qualified to become Directors and Senior Management of the Company
- To guide board in relation to appointment, retention and removal of Directors, Key Managerial Personnel and Senior management of the Company.
- To evaluate the performance of the members of the board including independent directors to provide necessary information/ report to the board for further evaluation.
- To recommend to the board on remuneration payable to the Directors and Key managerial personnel
- To retain motivate and promote talent and to ensure long term sustainability of talented managerial person and create competitive advantage
- To devise a policy on Board diversity
- To develop a succession plan for the Board and to regularly review the plan

### **SECTION II**

This section covers the duties of the Committee in relation to various matters and recommendations to be made by the Committee to the Board.

#### **Duties and roles of the committee**

- Formulating the criteria of determining the qualification, positive attributes and independence of the Director.
- Identifying person who are qualified to become a director and person who may / can be appointed in the Senior Management in accordance to the idea laid down in the policy
- Recommending to the board, appointment and removal of the Director, Key Managerial Personnel and Senior Management Personnel.  
Determining the appropriate size diversity and composition of the board.
- Setting a formal and transparent procedure for handling new director for appointment to the board.
- Ensuring that there is an appropriate induction in place for new directors and reviewing its effectiveness
- Identifying and recommending directors who are to be put forward for retirement by rotation
- Developing a succession plan for the board and senior management and regularly review the plan
- Evaluating the performance of the board members and the senior management in the context of the company's performance, industry benchmarks and compliance.
- Making recommendation to the board concerning any matter 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 law and the service contract.
- Recommend necessary change to the board in line with board diversity policy.
- Considering and determining the Remuneration policy, based on performance with a reasonable and sufficient need to attract, retain and motivate members of the Board.
- approve the remuneration of Key Managerial Personnel of the Company by maintaining a balance between fixed and incentive pay reflecting short and long term, performance objectives appropriate to the working of the Company, and its growth strategy.  
recommend to the board, all remuneration, in whatever form, payable to senior management.
- Consider any other matters as may be requested by the Board.

### **SECTION III**

This section covers the criteria and qualifications of appointment, term and tenure of Directors and Key Managerial Personnel

**Appointment criteria and qualifications:**

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Key Managerial Personnel and recommend to the Board his/ her appointment.
- A person 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.
- The company shall not appoint any person as Whole-time Director 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.

**Term/ Tenure:**

- Managing Director/ Whole-time Director: The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding such term as may be specified under the Act. No re-appointment shall be made earlier than one year before the expiry of term, and which shall be done with the approval of the shareholders of the Company.
- 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 three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

**Evaluation:**

The committee shall carry out evaluation of performance of every Director at regular intervals and at least on an annual basis.

The 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

**Removal**

Due to reason for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the committee may recommend, to the Board with reasons recorded on writing, removal of a Director or Key Managerial Personnel subject to the provisions and compliance of the said Act, rules and regulations.

**Retirement:**

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

#### **SECTION IV**

This section of the policy covers provisions relating to the Remuneration for the Whole-time Director, Key Managerial Personnel and Senior Management Personnel.

##### **General**

- The remuneration of the Whole-time Director and Key Managerial Personnel will be determined by the Committee and recommended to the Board for approval. Wherever required, the remuneration/ compensation/ commission etc. shall be subject to approval of the shareholders of the Company and Central Government.
- The remuneration and commission including increments recommended to be paid to the Whole-time Director shall be in accordance with the percentage/ slabs/ conditions laid down as per the provisions of the Act. These would be subject to approval of the shareholders of the company.

##### **Remuneration to Whole-time Director / Executive Director / Managing Director and Key Managerial Personnel**

- i. Fixed pay: the Whole-time Director/ Managing Director 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 provident fund, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board and approved by the shareholders and Central Government, wherever required. The Committee shall approve the remuneration for the Key Managerial Personnel.
- 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 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.
- iii. Long-term rewards: These long-term rewards are linked to contribution to the performance of the Company based on relative position of the personnel in the organization. These rewards could be in the form/ nature of stock options and are based on level of employees and their criticality.
- iv. Provisions for excess remuneration: If 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 act or without the prior sanction of the Central Government, where required he/ she shall refund such funds 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 Director / Independent Director:**

- i. Remuneration / Commission: The remuneration / commission shall be fixed as per the limits mentioned in the Act, subject to approval from the shareholders as applicable.
- ii. Sitting Fees: The Non-Executive / Independent Director shall receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed such amount as may be prescribed by the Central Government from time to time.
- iii. Stock Options: An Independent Director shall not be entitled to any stock option of the Company.

The remuneration structure for Non-Executive and Independent Directors of the Company is as follows:

<b>S.No.</b>	<b>Particulars</b>	<b>Amount (in Rupees)</b>
1	Board sitting Fees (per Director per meeting)	100,000
2	Sitting Fees for Committee Meetings (per Member per meeting)	100,000
3	Commission on Profits	upto 2% of the net profits of the Company

#### **AMENDMENTS AND UPDATES**

The Nomination and Remuneration Committee periodically shall review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate, which shall be in accordance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In case of any modifications, amendments or inconsistencies with the Act, the provisions of the Act and the rules framed thereunder would prevail over the Policy.