

VERONICA PRODUCTION LIMITED



NOMINATION & REMUNERATION POLICY



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1. PURPOSE OF THIS POLICY:

VERONICA PRODUCTION LIMITED (“the Company”) has adopted this Policy on appointment and remuneration of the Directors, Key Managerial Personnel and Senior Management (the “Policy”) as required by the provisions of Section 178 of the Companies Act, 2013 (the “Act”) and the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

The purpose of this Policy is to establish and govern the procedure applicable:

- a) To evaluate the performance of the members of the Board.
- b) To ensure remuneration to Directors, KMP 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.
- c) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

The Committee should 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 and the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

2. DEFINITIONS:

Independent Director means a director referred to in Section 149(6) of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

Key Managerial Personnel (the “KMP”) shall mean “Key Managerial Personnel” as defined in Section 2(51) of the Act.

Nomination and Remuneration Committee (“the Committee”), by whatever name called, shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

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.

Senior Management means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the Executive Directors, including all functional heads.

Words and expressions used and not defined in this Policy, but defined in the Act or any rules framed under the Act or the Securities and Exchange Board of India Act, 1992 and Rules and Regulations framed thereunder or in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time or the Accounting Standards shall have the meanings assigned to them in these regulations.

3. COMPOSITION OF THE COMMITTEE:

The composition of the Committee is / shall be in compliance with the provisions of Section 178 of the Act and the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

4. ROLE OF THE COMMITTEE:

The Committee shall:

- a) Formulate the criteria for determining qualifications, positive attributes and independence of a director;
- b) 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;
- c) Lay down the evaluation criteria for performance evaluation of Independent Director and the Board;
- d) Recommend to the Board, appointment, remuneration and removal of Director, KMP and Senior Management;
- e) To devise a Policy on Board diversity.

5. CRITERIA FOR DETERMINING THE FOLLOWING:

5.1 - Qualifications for appointment of Directors (including Independent Directors):

- a) Persons of eminence, standing and knowledge with significant achievements in business, professions and/or public service.
- b) Their financial or business literacy/skills.
- c) Their industry experience.
- d) Appropriate other qualification/experience to meet the objectives of the Company.
- e) As per the applicable provisions of Companies Act 2013, Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

The Nomination and Remuneration Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate/s.

5.2 - Positive attributes of Directors (including Independent Directors):

- a) Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.
- b) Actively update their knowledge and skills with the latest developments in the industry, market conditions and applicable legal provisions.
- c) Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities.
- d) To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct. Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.
- e) To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees.
- f) Independent Directors to meet the requirements of the Companies Act, 2013 read with the Rules made there under and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

5.3 - Independence Standards

The following would be the independence review procedure and criteria to assist the Committee evaluate the independence of Directors for recommending to the Board for appointment. A Director is independent if the Board affirmatively determines that the Director does not have a direct or indirect material relationship with the Company, including its affiliates or any member of senior management. "Affiliate" shall mean any company or other entity that controls, is controlled by, or is under common control with the Company.

Also, the candidate shall be evaluated based on the criteria provided under the applicable laws including Companies Act, 2013 read with Rules thereon and the Listing Regulations with the Stock Exchanges. In addition to applying these guidelines, the Board will consider all relevant facts and circumstances in making its determination relative to a director's independence.

Independence Review Procedures

1. Annual Review

The director's independence for the independent director will be determined by the Board on an annual basis upon the declarations made by such Directors as per the provisions of the Companies Act, 2013 read with Rules thereon and the Listing Regulations.

2. Individual Director Independence Determinations

If a director nominee is considered for appointment to the Board between annual general meetings, a determination of independence, upon the recommendation of the Committee, shall be made by the Board prior to such appointment.

All determinations of independence shall be made on a case-by-case basis for each director after consideration of all the relevant facts and circumstances and the standards set forth herein. The Board reserves the right to determine that any director is not independent even if he or she satisfies the criteria set forth by the provisions of the Companies Act, 2013 read with Rules thereon and the Listing Regulations.

3. Notice of Change of Independent Status

Each director has an affirmative obligation to inform the Board of any change in circumstances that may put his or her independence at issue.

5.4 - Criteria for appointment of KMP/Senior Management:

- a) To possess the required qualifications, experience, skills & expertise to effectively discharge their duties and responsibilities.
- b) To practice and encourage professionalism and transparent working environment.
- c) To build teams and carry the team members along for achieving the goals/objectives and corporate mission.
- d) To adhere strictly to code of conduct

5.5 - Term:

The Term of the Directors including Managing/Whole time Director/Independent Director shall be governed as per the provisions of the Act and Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

Whereas the term of the KMP (other than the Managing / Whole time Director) and Senior Management shall be governed by the prevailing HR policies of the Company.

5.6 - Evaluation:

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

The Committee shall identify 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. The Framework for performance evaluation of Independent Directors and the Board is decided by Board and the Committee time to time.

5.7 Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations thereunder and / or for any disciplinary reasons and subject to such applicable Acts, Rules and Regulations and the Company's prevailing HR policies, the Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director, KMP or Senior Management.

6. REMUNERATION OF MANAGING / WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT:

The remuneration / compensation / commission, etc., as the case may be, to the Managing /Whole-time Director will be governed by the relevant provisions of the Companies Act, 2013 and applicable Rules and Regulations and will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission, etc., as the case may be, shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required. Further, Managing Director of the Company is authorised to decide the remuneration of KMP (other than Managing / Whole-time Director) and Senior Management, and which shall be decided by the Managing Director based on the standard market practice and prevailing HR policies of the Company.

7. REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTOR:

The remuneration / commission / sitting fees, as the case may be, to the non-Executive /Independent Director, shall be in accordance with the provisions of the Act and the Rules made thereunder for the time being in force or as may be decided by the Committee / Board /shareholders.

An Independent Director shall not be entitled to any stock option of the Company unless otherwise permitted in terms of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.