

# NOMINATION AND REMUNERATION & COMPENSATION POLICY

---

# Contents

<b>1.</b>	Introduction	3
<b>2.</b>	Definitions	3
<b>3.</b>	Objective	4
<b>4.</b>	Role of the Committee	4
<b>5.</b>	Appointment and Removal of Director, Key Managerial Personnel and Senior Management	5
<b>6.</b>	Term / Tenure	6
<b>7.</b>	Evaluation	6
<b>8.</b>	Removal	8
<b>9.</b>	Retirement	8
<b>10.</b>	Remuneration to Directors/Key Management Personnel / Senior Management Personnel	8
<b>11.</b>	Implementation	11

---

# 1. Introduction

This Nomination and Remuneration & Compensation Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and SEBI (Listing Obligations & Disclosure Requirements) 2015 as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration and Compensation Committee (NRC or the Committee) and has been approved by the Board of Directors.

## 2. Definitions

### **“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;

### **“Key Managerial Personnel” Means:**

- a. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director
- b. Chief Financial Officer
- c. Company Secretary
- d. such other officer as may be prescribed.

### **“Senior Management” Means:**

Vakrangee employees who are members of core management team excluding board of directors and shall comprise all members of management 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) and shall specifically include Company Secretary and Chief Financial Officer.

---

## 3. Objective

The objective of the policy is to ensure that:

- a. 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.
- b. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- c. 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.

## 4. Role of the committee

The role of the Nomination Remuneration and Compensation Committee is:

- a. To formulate criteria for determining qualifications, positive attributes and independence of a Director
- b. To formulate criteria for evaluation of Independent Directors and the Board



- 
- c. To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy
  - d. To carry out evaluation of Director's performance
  - e. To recommend to the Board the appointment and removal of Directors and Senior Management
  - f. To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management
  - g. To devise a policy on Board diversity, composition, size
  - h. Succession planning for replacing Key Executives and overseeing
  - i. 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
  - j. To perform such other functions as may be necessary or appropriate for the performance of its duties

## 5. Appointment and removal of director, key managerial personnel and senior management

- a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Key Managerial Personnel or at Senior Management level and recommend his / her appointment, as per Company's HR Policy.
- b. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
- c. The Company shall not appoint or continue the employment of 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.

---

## 6. Term / tenure

### 1. 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 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 of upto maximum of 5 years each, 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 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 Director of a listed company or such other number as may be prescribed under the Act.

## 7. Evaluation

The Committee evaluates the performance of Director, Key Managerial Personnel and Senior Management Personnel yearly or at such intervals as may be considered necessary. The portion of incentive pay, and variable pay is quantitatively determined using pre-established parameters such as Outlet Onboarding Targets, Revenue targets, Materiality Issues KPI Targets and ESG performance targets released by the Company. The targets are also mentioned in the HR Manual of the Company.

We believe linking Materiality Issues KPI Targets and Environmental, Social & Governance (ESG) performance to pay can help hold executive management accountable for the delivery of sustainable business goals. Executive pay should be aligned with performance and long-term strategy in order to protect and create value which is in the interest of both companies and their investors. This alignment presents opportunities for engagement to promote the consideration of ESG issues when setting pay. We have released a detailed quantitative ESG performance Target of Vakrangee on the website giving emphasis on reduction of Green House Gases emissions from our own operations.



Weightage of ESG performance target will be of 33.33 % of the variable pay of the employee. The variable pay of 33.33% will be paid to the employee in the proportion of target achieved by the Company, capped to the 33.33% of the total variable pay. Eg: If the company achieves 60% of the target of ESG Performance, variable pay of employee linked to the ESG target will be  $33.33\% \times 60\% = 20\%$ .

#### Variable Pay calculation for an Employee

Scenario	% of ESG Target Achieved	Variable Pay assigned to ESG	Variable Pay linked to ESG
1	60%	33.33%	20%
2	110%	33.33%	33.33%

(Maximum Variable Pay for ESG Performance is capped at 33.33%)

Weightage of Materiality Issues KPI Targets will be of 33.33 % of the variable pay as well as long term incentives (Stock Option) of the Employees. The variable pay of 33.33% will be paid to the employee in the proportion of target achieved by the respective Executive.

---

## 8. Removal

The Committee may recommend with reasons recorded in writing, removal of a Director, Key Managerial Personnel or Senior Management subject to the provisions and compliance of the Companies Act, 2013, rules and regulations and the policy of the Company.

## 9. Retirement

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

## 10. Remuneration to directors/key management personnel /senior management personnel

### 1. Remuneration to Managing Director / Whole-time Directors

- a. The Remuneration/ Commission to be paid to Managing Director / Whole-time Directors, etc. is governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
- b. The Nomination Remuneration and Compensation Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

### 2. Remuneration to Non- Executive / Independent Directors

- a. The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.





- b. All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders.
- c. An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share-based payment schemes of the Company.
- d. Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
  - i. The Services are rendered by such Director in his capacity as the professional; and
  - ii. In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

- 
- e. The Nomination Remuneration and Compensation Committee of the Company, constituted for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share-based payments to be made to Directors (other than Independent Directors).

### **3. Remuneration to Key Managerial Personnel and Senior Management**

- a. The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
- b. The Nomination Remuneration and Compensation Committee of the Company, constituted for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share-based payments to be made to Key Managerial Personnel and Senior Management.
- c. The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from time to time.
- d. The Incentive pay shall be decided based on the balance between performance of the Company, which includes parameters such as ESG performance targets, revenue targets. Performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate. The incentive pay shall be based on the Integrated ESG Performance Targets as defined by the Company from time to time.
- e. Compensation Clawback: The terms of all compensation held by the Key Managerial personnel and Senior Management / Executive officers allow us to recoup any shares or other amount that may be paid in the event the individual engages in certain acts of misconduct. The Company may recover compensation in the event the named executive officer commits any misconduct while employed by Vakrangee or, while employed by Vakrangee or at any time thereafter, the individual engages in a breach of confidentiality, materially breaches any agreement with Vakrangee, commits an act of theft, embezzlement or fraud, or if Vakrangee is required to prepare an accounting restatement as a result of the named executive officer's misconduct.

# 11. Implementation

The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate. The Committee may delegate any of its powers to one or more of its members.

## Appointment Policy

The Appointment Policy for Independent Directors, Key Managerial Personnel & Senior Executives will be as under-

### a. Independent Directors

Independent Directors will be appointed based on the criteria mentioned under section 149(6) of the Companies Act, 2013 and in accordance with other applicable provisions of the Companies Act, 2013, rules made thereunder & Listing Agreements entered with Stock Exchanges.

### b. Key Managerial Personnel (KMP)

Key Managerial Personnel will be appointed by the resolution of the Board of Directors of the Company, based on qualifications, experience and exposure in the prescribed field. Removal of the Key Managerial Personnel will also be done by the resolution of Board of Directors of the Company. Appointment/ Removal will be in accordance with the provisions of the Companies Act, 2013, rules made thereunder, and Listing Agreements entered with Stock Exchanges.

### c. Senior Executives

Senior Executive will be appointed by the Chairman and the Managing Director and/or Executive Director of the Company based on their qualifications, experience and exposure. Removal of the Senior Executives will also be by Chairman, Managing Director and/or Executive Director. Further, appointment and removal will be noted by the Board as required under clause 8(3) of Companies (Meeting of Board and its Powers) Rules, 2014.





**CORPORATE OFFICE:**

Vakrangee Corporate House,  
Plot No. 93, Road No. 16, M.I.D.C.,  
Marol, Andheri (East),  
Mumbai – 400093, Maharashtra