

VIDEOCON INDUSTRIES LIMITED



NOMINATION AND REMUNERATION POLICY

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BACKGROUND

Videocon Industries Limited had constituted a Remuneration Committee comprising of three non-executive independent directors. In terms of the provisions of Section 178 of the Companies Act, 2013, and in terms of the amended Listing Agreement, every listed company and such other class of companies as may be prescribed is required to set up a Nomination and Remuneration Committee comprising of at least 3 directors, all of whom shall be non-executive directors and at least half shall be Independent Directors. In order to align with the provisions of the Companies Act, 2013 and amended Listing Agreement, the nomenclature of “**Remuneration Committee**” was changed to “**Nomination and Remuneration Committee**” and revised the terms and scope of the said Committee.

DEFINITIONS

- **Act** means Companies Act, 2013 and Rules made thereunder, as amended from time to time
- **Board** means Board of Directors
- **Company** means “VIDEOCON INDUSTRIES LIMITED”
- **Committee** means Nomination and Remuneration Committee
- **Director** means a director appointed to the Board of the Company
- **Independent Director** means a director referred to in Section 149(6) of the Companies Act, 2013
- **Key Managerial Personnel or KMP** means:
 - Chief Executive Officer or the Managing Director or the Manager
 - Company Secretary

- Whole-Time Director
- Chief Financial Officer
- Such other officer as may be prescribed.
- **Policy or this Policy** means Nomination and Remuneration Policy
- **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 the members of management one level below the executive directors including the functional heads.

OBJECTIVES OF THE POLICY

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; and
- 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.

ROLE OF THE COMMITTEE

The role of the Committee shall *inter-alia* include the following:

- ✓ Formulation of 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;

- ✓ Formulation of criteria for evaluation of Independent Directors and the Board;
- ✓ Devising a policy on Board diversity;
- ✓ Identifying 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.
- ✓ Such other functions as may be necessary entrusted by the Board from time to time.

POLICY FORMULATED FOR

1. Appointment of members of the Board of Directors, KMP and Senior Management

Criteria for appointment:

- Identification and ascertainment of integrity, experience, expertise and qualification for appointment of Director/KMP/Senior Management and to decide whether the same are satisfactory for the position concerned.
- The Company shall not appoint or continue the employment of Managing Director/Whole-Time Director/Manager who:
 - is below the age of 21 years.
 - has attained the age of 70 years. Provided the term may be extended beyond the age of 70 years by passing a special resolution in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person.
 - is an undischarged insolvent or has at any time been adjudged as an insolvent.
 - has at any time suspended payment to his creditors or makes or has at any time made a composition with them.

- has at any time convicted by a court of an offence and sentenced for a period of more than 6 months
- Any person who is serving as a whole-time director in any listed company shall serve as an independent director in not more than 3 listed companies.

Criteria for appointment of Director:

Any person who in the opinion of the Board is not disqualified under section 164 of the Act and who possesses ability, integrity, relevant expertise and experience can be appointed as director of the Company.

Any person who is proposed to be appointed as an Independent Director shall possess qualifications as stated in Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement.

The Company shall take adequate declarations from prospective candidate about his eligibility.

An independent director at the time of appointment shall not serve as an independent director in more than 7 listed companies.

2. Term and Tenure of Directors/KMP/Senior Management:

A) Managing Director/Whole Time Director:

The Company shall appoint or re-appoint any person as its managing director/whole-time director or a manager for a term not exceeding 5 years at a time. No re-appointment shall be made earlier than one year before the expiry of the term.

B) Independent Director:

- An independent director shall hold office for a term of 5 consecutive years on the Board and shall be eligible for re-appointment on passing of a special resolution and making a disclosure in the Annual Report.

- No independent director shall hold office for more than 2 consecutive terms, but is eligible for appointment after expiry of 3 years of ceasing to become an independent director. Provided that the independent director shall not, during the said period of 3 years, be associated with the Company in any capacity either directly or indirectly.

C) KMP/Senior Management:

The term and tenure for other KMP and Senior Management shall be governed by the Company's Policy.

3. Evaluation of performance of Directors/KMP/Senior Management:

The Committee shall evaluate the performance of Directors/KMP and Senior Management yearly or at such intervals as may be considered necessary.

The Board shall evaluate the performance of independent directors (excluding the director being evaluated) on the basis of the contributions and suggestions made to the Board with respect to financial strategy, business operations etc.

4. Removal and Retirement of Directors/KMP/Senior Management

Removal:

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

With respect to other KMP and Senior Management the removal will be governed by the Company's Policy and subsequent approval of the Board, if required.

Retirement:

The Director/KMP/Senior Management shall retire as per the applicable provisions of the Act and as per the policy of the Company.

5. Policy for Remuneration to Directors/KMP/Senior Management:

A) Remuneration to Managing Director/Whole-Time Director

The remuneration to be paid to Managing Director/Whole-Time Director shall be paid according to the provisions of the Act or any other enactment for the time being in force.

The Committee shall recommend the Board, subject to approval of the shareholders, with regards to the remuneration to Managing Director/Whole-Time Director.

B) Remuneration to Independent Directors:

The Independent Directors may receive remuneration by way of sitting fees for attending the Board/committee meetings. Provided that amount of such fees shall not exceed Rs. 1,00,000/- (Rupees One Lakh only) per meeting of the Board or committee thereof or such amount as may be prescribed from time to time. The sitting fees currently paid to the Independent Directors are Rs. 20,000/- for each meeting of the Board and Audit Committee and Rs. 10,000/- for each meeting of the other committees of the Board of Directors.

The Independent Director shall not be eligible for any stock options of the Company.

Any remuneration (other than sitting fees paid for attending the meetings of the Board/committee) shall be in accordance with the provisions of the Act, for the time being in force.

C) Remuneration to KMP/Senior Management:

The remuneration to KMP/Senior Management shall comprise of fixed pay and incentive pay. Fixed pay shall include monthly remuneration, contribution to Public Provident Fund, etc. as decided from time to time. Incentive pay shall be decided on both the performance of the Company and performance of the KMP and Senior Management, to be decided yearly or at such intervals as may be decided from time to time.

The Committee shall recommend the Board with respect to the remuneration of KMP/Senior Management. The remuneration shall be in accordance with the provisions of the Act, for the time being in force.

AMENDMENT

The Company reserves its rights to amend or modify this Policy in whole or in part at any time without assigning any reason whatsoever. However, no such amendment or modification would be binding on the Directors/Employees unless the same is notified to the Directors/Employees in writing.