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# POLICY FOR NOMINATION AND REMUNERATION

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According to provisions of Companies Act, 2013 and  
SEBI (LODR) Regulations, 2015

**THE VICTORIA MILLS LIMITED**  
Victoria House, Pandurang Budhkar Marg, Lower Parel, Mumbai - 400013.  
February 10, 2015



## THE VICTORIA MILLS LIMITED

### POLICY FOR NOMINATION AND REMUNERATION

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement, 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 Committee (NRC or the Committee) and has been approved by the Board of Directors.

#### **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) Company Secretary;
- c) Chief Financial Officer; and
- d) Such other officer as may be prescribed.

**“Senior Managerial Personnel”** means the personnel of the company who are members of its core management team excluding board of Directors. Normally, this would comprise all members of management, of rank equivalent to General Manager and above, including all functional heads.

**“Policy”** or **“This Policy”** means Nomination and Remuneration Policy.

**“Committee”** means the Nomination and Remuneration Committee of the Company.

**“Company”** means The Victoria Mills Limited.

#### **Objective:**

This policy is framed with the following objectives:

- a) To guide the Committee and Board in relation to the appointment and removal of Directors, Key Managerial Personnel and Senior Management.



- b) To attract, retain and motivate the Senior Management including its Key Managerial Personnel, evaluation of their performance and provide necessary report to the Board for further evaluation.
- c) The relationship of remuneration with performance is clear and meets appropriate performance benchmarks.
- d) To recommend the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- e) To promote and develop a high performance workforce in line with the Company strategy.
- f) To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Director (Executive & Non-Executive/Independent/Nominee) and persons who may be appointed in Senior Management, Key Managerial Personnel and determine their remuneration.

**Role and Powers of the Committee:**

The Role and Powers of the Committee shall be as under:

- a) To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- b) To identify persons who qualify to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this Policy.
- c) To carry out evaluation of every Director's performance.
- d) To recommend to the Board the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- e) To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- f) To ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meet appropriate performance benchmarks.



- g) To carry out any other function as is mandated by the Board from time to time and /or enforced by the statutory notification, amendment or modification, as may be applicable.
- h) To formulate the Nomination and Remuneration policy of the Company and propose any amendments.
- i) To assist the Board in ensuring that plans are in place for orderly succession for appointments to the Board, Key Managerial Personnel and to senior management.
- j) To perform such other functions as may be necessary or appropriate for the performance of its duties.

**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, KMP or at Senior Management level and recommend his / her appointment as per Company's 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.

**Term/Tenure:**

**a) 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.



#### **b) 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.

#### **Evaluation:**

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary.

#### **Removal:**

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

#### **Retirement:**

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



## **Policy for remuneration to Directors/KMP/Senior Management Personnel:**

### **1) Remuneration to Managing Director / Whole-time Directors:**

- a) The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be 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 and Remuneration 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.
- c) If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel 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.
- d) If any Managerial Personnel 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, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.

### **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, as the case may be.



- c) 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.

### **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 Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from to time.
- c) The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

#### **Amendment:**

1. The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. The Nomination and Remuneration Committee will review the Policy and suggest amendments to make it responsive and relevant to the changing times. However, no such amendment or modification will be binding on the Employees unless the same is notified to the Employees in writing or updated on the website of the Company.