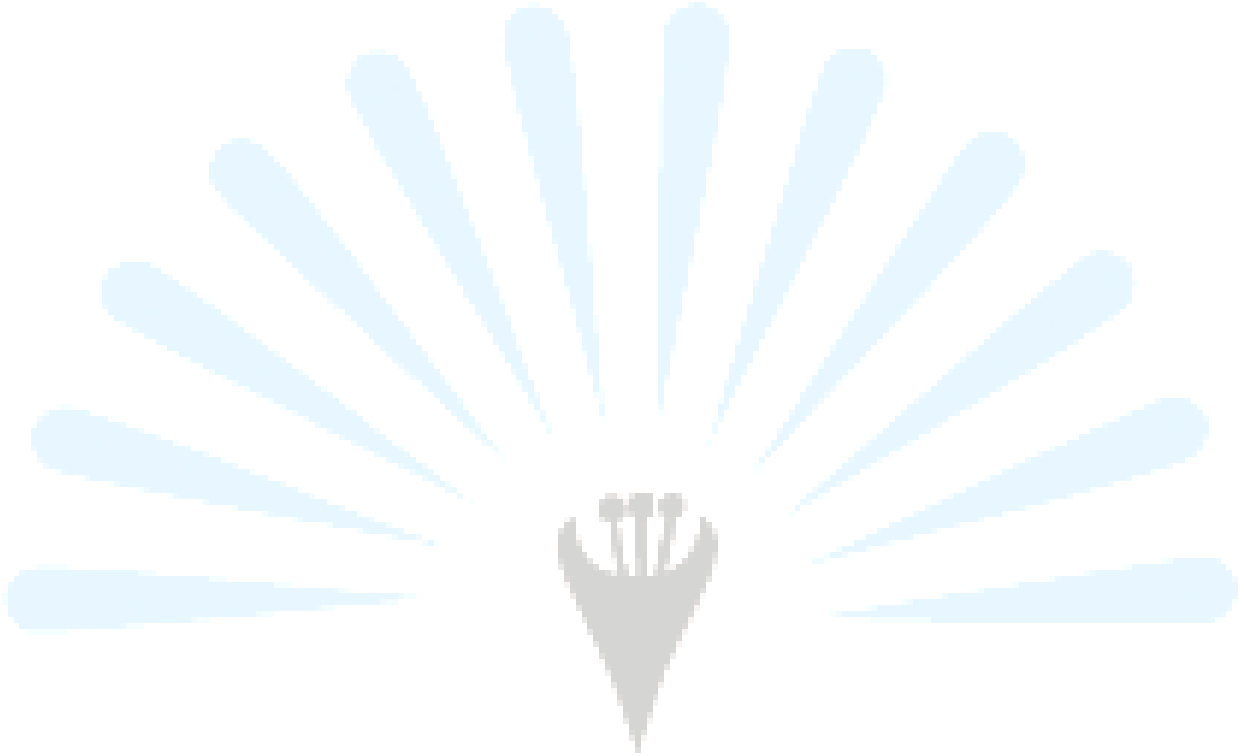




Vishal Fabrics Limited



NOMINATION AND REMUNERATION POLICY

INTRODUCTION:

In pursuant to Section 178 of Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, the Board of Directors of every listed Company shall constitute the Nomination and Remuneration Committee. The Board of Directors of the Company (the Board) had constituted the committee to be known as Nomination and Remuneration Committee consisting of three or more non -executive directors out of which not less than one half are independent directors.

With respect of the Company's policy that considers human resources as valuable assets, this policy is aimed to provide equitable remuneration to all Directors, Key Managerial Personnel and Employees of the company and to harmonize the aspirations of human resources consistent with the goals of the company and in accordance with the terms of the provisions of the Companies Act, 2013. It is the endeavor of company that its Nomination & Remuneration Policy should reflect the mode in which the Company carries out its business practices i.e. fair, transparent, inclusive and flexible.

DEFINITION:

- a) **Board:** the Board of Directors as defined under the Companies Act, 2013.
- b) **Key Managerial Personnel (hereinafter referred to as KMP) :** Key Managerial Personnel or KMP means—
 - Chief Executive Officer or the managing director or the manager;
 - Company secretary
 - Whole-time director
 - Chief Financial Officer; and
 - Such other officer as may be statutorily prescribed from time to time.
- c) **Nomination and Remuneration Committee” or “Committee”** means the Committee of the Board constituted from time to time under the provisions of the Regulation 19 of the SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act, 2013.
- d) **"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.

OBJECTIVES:

The main objectives of the Committee and the Policy would be to address the Board and other concerned parties of company:

- For all matters regarding appointment, formulate the criteria for evaluation of performance of all the Directors on the Board; and removal of Directors, Senior Management and Key Managerial Personnel and also to lay down the guidance related to Independent Director.

- A succession plan for the Board, the Senior Management and the Key Managerial Personnel;
- Criteria for efficient remuneration payable to the Directors, the Senior Management and the Key Managerial Personnel.
- To devise a policy on Board diversity:-
Committee member qualifications, appointment, removal, structure and operations.
- To lay out remuneration principles for employees linked to their effort, performance and achievement relating to the Company's goals.

EFFECTIVE DATE :

This Policy is applicable with immediate effect.

APPLICABILITY:

This Policy is applicable to:

1. Directors viz. Executive, Non-executive and Independent
2. Key Managerial Personnel under the Companies Act, 2013
3. Senior Management Personnel

EVALUATION :

Disqualification Criteria:

Any person who is disqualified for being appointed Pursuant to Section 164 of the Companies Act, 2013 .

Removal:

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

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.

APPOINTMENT CRITERIA AND QUALIFICATIONS:

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 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.

TERMS AND CONDITIONS FOR EXECUTIVE AND KMP:

Fixed pay

The Executive/ KMP and Senior Management Personnel 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 P.F, medical expenses etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

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.

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 sums to the Company that will be hold in trust of the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

TERMS AND CONDITIONS FOR NON-EXECUTIVE/INDEPENDENT DIRECTOR :

Remuneration / commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.

Sitting fees

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the amount prescribed by the Central Government from time to time.

Profit-linked commission

The profit-linked Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

Stock options

Pursuant to the provisions of the Act, an Independent Director shall not be entitled to any stock option of the Company.

AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

