



NOMINATION & REMUNERATION POLICY

VARDHMAN APPLIANCES LIMITED

CIN: U27509DL2023PLC418176
Plot No. 43, First Floor, Rajasthani Udyog Nagar, Adarsh Nagar, North West Delhi,
New Delhi – 110 033, Delhi, India

1. Objective

The Nomination & Remuneration Policy (“Policy”) has been framed in compliance with the provisions of the Companies Act, 2013 (“the Act”) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”), as amended from time to time, read along with the applicable rules thereto. The Company has, in accordance with the Act and SEBI LODR constituted the Nomination & Remuneration Committee (“Committee”), the key objectives of which are as follows:

- 1.1 To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors (“Board”) a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- 1.2 To formulate criteria for & mechanism of evaluation of independent directors and the Board;
- 1.3 To specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Committee and / or by an independent external agency and review its implementation and compliance;
- 1.4 To devise a policy on Board diversity.
- 1.5 To Identify 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;
- 1.6 To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- 1.7 To evaluate the balance of skills, knowledge and experience on the Board and on the basis of such an evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose, the Committee (i) may use an external agency, (ii) consider the candidates from a wide range of backgrounds, having due regards to diversity and (iii) consider time commitments of the candidates.
- 1.8 To do such other acts / deeds as may be prescribed by the Act or SEBI LODR or such other applicable law, rules, regulations that may apply on the Company from time to time or by any statutory authority or regulatory body or by central government.

2. Policy for appointment and removal of Directors, Key Managerial Personnel (“KMP”) and Senior Management Personnel (“SMP”)

2.1.1 Appointment criteria and qualifications

- (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) The Company shall not appoint or continue the employment of any person as director who has attained the retirement age fixed by the Board or as approved by the Shareholders pursuant to the requirement of the Act/ SEBI LODR.

- (e) A person should possess adequate qualifications, expertise and experience for the position he /she is considered for appointment. The Committee shall have the discretion to consider and fix any other criteria or norms for selection of the most suitable candidate/s.
- (f) Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities.
- (g) 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.
- (h) Independent directors to meet the requirements of the Act read with the rules made thereunder and SEBI LODR, as amended from time to time.
- (i) Persons to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.

2.1.2 Removal

- (a) , The Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel and such removal shall be in accordance with the provisions and compliance of the Act, rules and regulations.
- (b) In case of any conflict of interest, breach of confidentiality, or any other circumstance which adversely impacts the Company including but not limited to the Company's business, goodwill etc., the Committee may recommend the removal of any director, KMP and SMP.

2.1.3 Term / Tenure

Managing Director/Whole-time Director:

- (a) The term of managing director or executive director of the Company should be in accordance with the provisions of the Act including the schedules as contained therein.

Independent Directors:

- (b) No independent director shall hold office for a term exceeding five consecutive years on the Board of the Company and will be eligible for re-appointment for a further term on passing of a special resolution by the shareholders of the Company. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to be an independent director. The Committee shall take into consideration all the applicable provisions of the Act including compliance of Schedule IV and the relevant rules, as amended from time to time.

3. Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel

3.1.1 Remuneration to Whole time / Executive Director

The remuneration paid to whole time director/executive director to be recommended by the Committee and approved by the Board, subject to the subsequent approval by the shareholders at the general meeting and such other authorities, as the case may be. At the board meeting, only the non-executive and independent directors shall participate in approving the remuneration paid to the whole time/managing director. The remuneration is to be arrived at by considering various factors such as performance, qualification, experience, expertise, prevailing remuneration in the industry and the financial position of the

Company. The elements of the remuneration and limits shall be pursuant to the applicable laws and shall inter-alia include (i) basic salary, (ii) commission, (iii) perquisites & allowances and (iv) contribution to provident and other funds.

3.1.2 Remuneration to Non- Executive / Independent Director

The non-executive directors and/ or independent directors of the Company would be entitled to sitting fees as determined by the Board from time to time for each meeting of the Committees and Board. The Committee/ Board shall review and revise this limit, if there are any changes in the limits/provisions of law. The non-executive and/ or independent directors will also be entitled to remuneration by way of commission aggregating up to 1% of net profits of the Company pursuant to the provisions of Sections 197 and 198 of the Companies Act 2013 in addition to the sitting fees for attending the meetings of the Board and any Committee thereof.

The Committee shall recommend the remuneration of non-executive and/or independent directors to the Board, depending upon the Company's business, financial condition, industry standards among other factors. The Board shall take the final decision regarding the payment of remuneration to the non-executive and/or independent directors.

4. Review & amendment

The Policy shall be reviewed by the Committee and the Board, from time to time, as may be necessary. 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.