

VISVESVARAYA JALA NIGAM LIMITED

Nomination & Remuneration Policy of VJNL

Preamble

- 1.1 Sub-section (3) of Section 178 of the Companies Act, 2013 (the Act) states that the Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and recommend to the Board a policy, relating to the remuneration for the key managerial personnel and other employees, excluding Senior Officers as deputed from the Government and Administrative Department (Water Resources Department) whose remunerations are governed by their parent department of the Government.
- 1.2 Nomination and Remuneration Policy (“the Policy”) has been framed in compliance with the provisions of Sec.178 (3) of the Act and Rules made under the Act.
- 1.3 The Policy provides a framework for remuneration to the Key Managerial Personnel (“KMP”) and the Senior Management Personnel (“SMP”) of the Company (collectively referred to as “Executives”).

The expression “Key Managerial Personnel” (“KMP”) means the Company Secretary and the Chief Finance Officer. The expression “senior management” means employees of the Company who are members of its core management team excluding directors comprising all members of management one level below the executive directors, including the functional heads.

- 1.4 This Policy will be called “VJNL Nomination & Remuneration Policy” and referred to as the “the Policy”.
- 1.5 The Policy will be reviewed at such intervals as the Nomination and Remuneration Committee will deem fit.

2. Objectives

- 2.1 The objectives of the Policy are as follows :
 - 2.1.1 To set criteria for determining qualifications, positive attributes and remuneration of the Executives.
 - 2.1.2 To enable the Company to attract, retain and motivate highly qualified executives to run the Company successfully.

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2.1.3 To enable the Company to provide a well-balanced and performance-related compensation package, taking into account industry standards and relevant Indian Corporate regulations.

2.1.4 To ensure that the interests of senior executives are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the Company.

3. Principles of remuneration

3.1 Support for Strategic Objectives: Remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, and supports and reinforces the achievement of the Company's vision and strategy.

3.2 Transparency: The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.

3.3 Internal equity: The Company shall remunerate the Executives in terms of their roles within the organization. Positions shall be formally evaluated to determine their relative weight in relation to other positions within the Company.

3.4 Affordability and Sustainability : The Company shall ensure that remuneration is affordable on a sustainable basis.

4. Terms of Reference and Role of the Committee

4.1 The Terms of Reference and Role of the Committee as set by the Board of Directors are as under :

4.1.1 Formulate the criteria for determining qualifications, positive attributes and recommend to the Board a policy, relating to the remuneration for the Key Managerial Personnel (KMPs) and other employees of the Company ;

4.1.2 Deal with such matters as may be referred to by the Board of Directors from time to time

4.1.3 Any other provisions mentioned under of Sec.178 of the Act and Rules made under the Act.

4.2 The Committee shall :

4.2.1 ensure that all provisions regarding disclosure of remuneration, including pensions, leave encashment, gratuity, etc. are fulfilled ;

4.2.2 ensure that no executive is involved in any decisions as to their own remuneration.

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5. Procedure for selection and nomination of KMP and SMPs

The Chairman of the Committee and the Managing Director of the Company shall identify and appoint suitable candidates for appointing them as KMPs or SMPs of the Company on the basis of their academic, professional qualifications, relevant work experience, skill and other capabilities suitable to the position of concerning KMP or SMP.

Further, in case of KMP appointment, approval of the Board of Directors / concerned Committee shall be taken in accordance with provisions of relevant Act, statues, regulations etc., existing as on that date. The appointment and / or removal of KMPs shall be placed before the NRC and / or Board of Directors at regular intervals.

Further, in case of appointment of SMPs (excluding KMPs), the appointment as approved by the Chairman and the Managing Director of the Company, shall be placed before the NRC at regular intervals.

6. Compensation Structure:

6.1 Remuneration to Non-Executive Directors:

Except sitting fees for attending Board/Committee Meetings, no other remuneration is payable to the Non-executive Directors of the company.

6.2 Remuneration to Key Managerial Personnel(s) (KMPs) & Senior Management Personnel(s) (SMPs)

The Company has a credible and transparent framework in determining and accounting for the remuneration of the Key Managerial Personnel(s) (KMPs) & Senior Management Personnel(s) (SMPs) as per the Companies Cadre and Recruitment Rules.

7. Powers of the Committee and Meetings of the Committee

The Committee shall have inter-alia the following powers:

- 7.1 Conduct studies or authorise studies of issues within the scope of the Committee with full access to all books, records, facilities and personnel of the Company;
- 7.2 Retain or seek advice of consultants and experts for performance of their role under this Policy and the costs relating thereto shall be borne by the Company;
- 7.3 Delegate its powers to any Member of the Committee or any KMP of the Company or form sub-committees to perform any of its functions or role under this Policy.

The Committee shall meet as and when required.

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8. Approval and publication

- 8.1 This Policy as framed by the Committee shall be recommended to the Board of Directors for its approval.
- 8.2 The Policy shall form part of Director's Report as required under Section 178(4) of the Companies Act, 2013.

9. Supplementary provisions

- 9.1 This Policy shall formally be implemented from the date on which they are adopted pursuant to a resolution of the Board of Directors.
- 9.2 Any matters not provided for in this Policy shall be handled in accordance with relevant laws and regulations, the Company's Articles of Association.
- 9.3 The right to interpret this Policy vests in the Board of Directors of the Company.
