

Remuneration Policy

Purpose

The remuneration policy defines the compensation or remuneration philosophy of the organization. It specifies the drivers of the philosophy, where the Company positions itself in the overall industry/market related percentiles, who are the comparators for the purpose of remuneration.

Scope

It covers the executive directors and management level employees of the Company comprising senior, middle and junior management.

Compensation Philosophy

The Company's compensation philosophy reflects on the guiding principles of aligning with company objective of sustained improvement in performance, promoting a culture of meritocracy, creating a linkage to Corporate & individual performance, market competitiveness and positive influence on the employee contribution and continuity

VST's remuneration philosophy aligns with broader HR strategy which reinforces employee value proposition through enabling work environment, empowering and engaging work culture.

The remuneration philosophy is driven by

- 1- Business performance – Remuneration as an effective instrument to enhance performance and therefore link as an optimum mix of individual & company performance.
- 2- Remuneration practices support and encourage meritocracy based on objectivity, fairness & transparency.
- 3- Remuneration policy will act as motivational tool & drive the desired positive behaviors and thus improve the overall organizational health and performance
- 4- Taking in to the competitive context , Remuneration is based on market / industry positioning vis-vis relevant competitors

For determining the market/industry positioning, FMCG, manufacturing form the basket of comparators with primary focus on FMCG sector. The list of the comparators and positioning of the remuneration structure is reviewed periodically as may be required but at least once in three years in tune with the requirement of the Company

Employee compensation positioning is determined by his/her performance as assessed on the basis of the applicable performance management system

Policy Definition

- Remuneration policy of the company has been designed to attract , retain and motivate the employees and Directors of the quality required to run the company successfully
- The remuneration is directly linked to the individual performance and is measurable on specified benchmarks as set by the Company.
- The remuneration is an optimum mix of fixed and variable pay and comprises components as mentioned under:
 - a. Fixed components: Comprising (i) Basic salary; (ii) Fixed allowances & perquisites; (iii) Retiral benefits.
 - b. Variable components: Comprising performance linked bonus, paid annually.

Individual compensation fixation is as under:

Executive Directors & senior management: Compensation fitment for executive directors is in the top quartile or thereabout and for senior management, above the median of the market/industry positioning.

Middle & junior management: Individual compensation fitment in this category is around the median of the market/ industry positioning.

The variable component of the salary at the junior management starts at 10% of the total cost to the company and goes up to 35% for senior management. The variable component for the executive directors is subject to statutory provisions and approval of the shareholders.

The Company's performance management system differentiates the executives under four categories and they are accordingly rated based on the agreed key result areas. The reward is linked to the performance rating.

The review of the remuneration structure in line with the market shall be done periodically as may be required but at least once in three years. All other perquisite and benefits shall also be reviewed at least once in three years

Remuneration to Non Executive Directors

Non Executive Directors of the Company are paid sitting fees for attending Board & Committee Meetings, reimbursement of expenses for attending the meetings and Remuneration as approved by the shareholders within the overall limit prescribed under the law and are not eligible for any stock options.