

NOMINATION & REMUNERATION POLICY

OF

ALBERT DAVID LIMITED

NOMINATION AND REMUNERATION POLICY

I. PREAMBLE

The Board of Directors of ALBERT DAVID LIMITED ("the Company") had constituted a Remuneration Committee consisting of four (4) Directors, of which 50% was Independent Directors. In order to align with the provisions of the Companies Act, 2013 ("the Act") and the Listing Agreement, the Board on March 31, 2014 renamed the "Remuneration Committee" as "Nomination and Remuneration Committee".

II. OBJECTIVE

The Nomination and Remuneration Committee and this Policy is in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations). The Key Objectives of the Committee would be:

- a. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- c. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- d. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- e. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- f. To devise a policy on Board diversity.
- g. To develop a succession plan for the Board and to regularly review the plan.

III. DEFINITIONS

- a. **"Act"** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- b. **"Board"** means Board of Directors of the Company.
- c. **"Key Managerial Personnel"** according to Section 2(51) of the Companies Act, 2013, means:
 - i. the Chief Executive Officer or the Managing Director or the Manager;
 - ii. the Company Secretary;
 - iii. the Whole-time Director;
 - iv. the Chief Financial Officer
- d. **"Senior Management"** means Senior Management Personnel of the Company who are 'one level below the Key Managerial Personnel'.

- e. **"Independent Director"**:- As provided under the Listing Regulations and under Section 149(6) of the Companies Act, 2013, 'Independent Director' shall mean a non-executive director, other than a managing director or a whole-time director or a nominee director of the Company:
- i. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
 - ii. (a) who is or was not a promoter of the company or its holding, subsidiary or associate company;
(b) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
 - iii. who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
 - iv. none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two percent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
 - v. who, neither himself nor any of his relatives —
 - a. holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - b. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —
 - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
 - c. holds together with his relatives two per cent or more of the total voting power of the company; or
 - d. is a Chief Executive or director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or

its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company;

- vi. who possesses such other qualifications, as may be prescribed.

IV. ROLE OF COMMITTEE

1. Matters to be dealt:-

The Committee shall:

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- ii. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- iii. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

2. Policy for appointment and removal

a. Appointment

- i. 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.
- ii. 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.
- iii. 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 based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

b. Term / Tenure

- i. 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.

ii. 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, 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 and Listing Regulations, from time to time.

c. **Evaluation Criteria for Directors**

Performance evaluation is a key mean by which Board can recognize and correct corporate governance problems and add real value to the Company. The Board determines and discusses the reasons for governance failures and how board evaluations can help prevent them from occurring. It then reviews the performance pressures facing boards and the benefits of board evaluations in meeting these pressures. All Board members are to participate in the evaluation and are encouraged to further discuss and refine their views during an executive session meeting. The following criteria are to be followed for reviewing the directors' performance:-

- a. Accomplishment of the organization's mission, objectives and strategic results for which the Executive Director is responsible.
- b. Ensuring that the board is well informed on issues affecting the continuing relevance of the mission and the performance and reputation of the Company.
- c. Adequacy of processes which monitor business performance, Board member interaction with management, adequacy of Board knowledge, adequacy of business strategy, Board being informed, evaluation process for executives and Directors.
- d. Appropriateness of balance and mix of skills, size of Board, contribution of individual Board members, adequacy of performance feedback to Board members, adequacy of procedures dealing with inadequate performance by a Board member.

- e. Board's effectiveness in use of time, whether Board allowed sufficient opportunity to adequately assess management performance, Board's ability to keep abreast of developments in the wider environment which may affect adequacy of meeting, frequency and duration.
- f. Working relationship between chairman and chief executive officer, segregation of duties between Board and management, ability of Directors to express views to each other and to management in a constructive manner, adequacy of Board discussions and management of divergent views.

The evaluation will take place annually as per the requirement of law and Listing Regulations. The Board may undertake more frequent evaluations, if warranted. The performance evaluation will typically address activities, events and accomplishments that took place during the most recently completed fiscal year.

d. **Removal**

Due to reasons for any disqualification mentioned in the Act or under any other 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.

e. **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.

3. Policy relating to the Remuneration

a. **Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:**

- i. Fixed pay: The Whole-time Director/ 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, pension scheme, medical expenses, club fees 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.
- ii. 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.

- iii. 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 and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

b. Remuneration to Non- Executive / Independent Director:

- i. Remuneration: The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.
- ii. Sitting Fees: The Non-Executive / Independent Director shall receive remuneration by way of fees for attending meetings of Board or Committee thereof, as may be decided by the Board, from time to time. Provided that the amount of such fees shall not exceed Rs. One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- iii. Commission: 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.
- iv. Stock Options: An Independent Director shall not be entitled to any stock option of the Company.

V. MEMBERSHIP

- a. The Committee shall consist of a minimum three (3) non-executive directors, majority of them being independent.
- b. Minimum two (2) members, one of which must be an Independent Director, shall constitute a quorum for the Committee meeting.
- c. Membership of the Committee shall be disclosed in the Annual Report.
- d. Term of the Committee shall be continued unless terminated by the Board of Directors.

VI. CHAIRPERSON

- a. Chairperson of the Committee shall be an Independent Director.
- b. Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- c. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- d. Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

VII. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required.

VIII. COMMITTEE MEMBERS' INTERESTS

- a. A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

IX. SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

X. VOTING

- a. Matters arising for determination at Committee meetings shall be decided by a majority of votes of members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b. In the case of equality of votes, the Chairman of the meeting will have a casting vote

XI. NOMINATION DUTIES

The duties of the Committee in relation to nomination matters include:

- a. Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness.
- b. Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act.
- c. Identifying and recommending Directors who are to be put forward for retirement by rotation.
- d. Determining the appropriate size, diversity and composition of the Board.
- e. Setting a formal and transparent procedure for selecting new Directors for appointment to the Board.
- f. Developing a succession plan for the Board and Senior Management and regularly reviewing the plan.

- g. Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective.
- h. Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- i. Delegating any of its powers to one or more of its members or the Secretary of the Committee.
- j. Recommend any necessary changes to the Board.
- k. Considering any other matters, as may be requested by the Board.

XII. REMUNERATION DUTIES

The duties of the Committee in relation to remuneration matters include:

- a. To consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- b. To approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- c. To delegate any of its powers to one or more of its members of the Committee.
- d. To consider any other matters as may be requested by the Board.
- e. Professional indemnity and liability insurance for Directors and senior management.

XIII. MINUTES OF THE COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairman of the meeting or Chairman of next meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

XIV. AMENDMENT(S) / MODIFICATION(S)

The Nomination and Remuneration Committee will review and may amend / modify this Policy from time to time.