



Annexure - A

NOMINATION AND REMUNERATION POLICY

AND EVALUATION OF THE BOARD

Introduction:

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 as amended from time to time this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors.

Definitions

- a) **"Board"** means Board of Directors of the Company.
- b) **"Directors"** mean Directors of the Company.
- c) **"Committee"** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- d) **"Company"** means **Radico NV Distilleries Maharashtra Limited**.
- e) **"Independent Director"** means a director referred to in Section 149 (6) of the Companies Act, 2013.
- f) **"Key Managerial Personnel"** (KMP) means- (i) Whole Time Director (ii) Chief Financial Officer; (iii) Company Secretary.
- g) **"Senior Management"** means the personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Objectives

The objective and purpose of this policy are:

- a) To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- b) To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, **of Radico NV Distilleries Maharashtra Limited**.

- c) To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- d) To provide them 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) 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 for their appointment and removal.
- g) Formulation of the criteria to evaluate the performance of Independent Directors and the Board.

In the context of the aforesaid criteria, the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on **20th May, 2015**.

Effective Date:

This policy shall be effective from the date of adoption by the Board of Directors of the Company.

Constitution of the Nomination and Remuneration Committee:

The Board has changed the nomenclature of the Remuneration Committee constituted earlier by renaming it as Nomination and Remuneration Committee on **January 21st, 2017**. The Nomination and Remuneration Committee comprises of following Directors:

S.No.	Name	Chairman/Member
1.	Mr. Manavalagan Prakash	Chairman
2.	Mrs. Pramila Parasramka	Member
3.	Mr. Ashok Khandelwal	Member

The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirement.

Chairman

- a) Chairperson of the Company may be appointed as a member of the Committee but shall not Chair the Committee.
- b) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- c) Chairman of the Nomination and Remuneration Committee could be present at the Annual General Meeting or any other member of the committee authorised by him.

Applicability

The Policy is applicable to:

- a) Directors (Executive and Non-Executive)
- b) Key Managerial Personnel
- c) Senior Management Personnel

Appointment Of Director, Key Managerial Personal , Senior Management And Other Employees

(i) Directors (other than Independent Directors), Key Managerial Personnel and Senior Management:

Appointment

- a) Subject to the terms and conditions of the Company's policy, 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 him/her to the Board of Directors.
- b) The Company shall not appoint or continue the employment of any person as Managing Director or Whole-time Director who has attained the age of seventy years unless his appointment is approved by **Special Resolution** after he attains the age of seventy years.
- c) A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Company's Board of Directors.

Tenure of Appointment:

The Company shall not appoint or re-appoint any person as its Managing Director or Whole Time Director for a term exceeding five years at a time and no re-appointment shall be made earlier than one year before the expiry of term.

(ii) Independent Directors

Appointment

Appointment of Independent Directors is subject to the compliance of provisions of Section 149 of the Companies Act, 2013, read with schedule IV and rules thereunder.

Tenure of Appointment

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**.

Provided that no Independent Director shall hold office for more than two consecutive terms of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided further 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.

REMOVAL AND RETIREMENT OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL

Removal

The Committee may recommend to the Board, the removal of a Director, KMP and Senior Management Personnel for any misconduct or for any disqualification as specified in the Companies Act, 2013 and rules made thereunder or under any other applicable Act, rules and regulations.

Retirement:

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Regulations 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.

REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT AND OTHER EMPLOYEES

(i) Remuneration to Directors (other than Independent Directors), Key Managerial Personnel and Senior Management

Fixed pay:

The Directors, Key Managerial Personnel and Senior Management shall be eligible for a monthly remuneration or at a specified percentage of the net profits of the company or at partly by one way and partly by the other 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 Provident Fund, pension scheme, medical expenses, etc. shall be decided and approved by the Board or 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 Managing Directors, 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.

Excess remuneration:

If any Director including any Managing Director or 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, wherever required, he 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.

Insurance:

Where any insurance is taken by the Company on behalf of its Managing Director, Whole-time Director, Chief Executive Officer, Chief Financial Officer or Company Secretary for indemnifying them against any liability in respect of negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

Sitting Fees:

A Director may receive fees for attending meetings of the Board or Committee thereof subject to the condition 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.

Provided that the sitting fees shall not constitute part of percentages as laid down under the provisions of the Act.

- a) The remuneration and commission to be paid to the Directors including Managing Directors and Whole-time Directors shall be in accordance with the percentage or conditions laid down as per the provisions of the Act.
- b) All fees/compensation, if any paid to non-executive directors, shall be fixed by the Board of Directors and shall require previous approval of shareholders in general meeting. The shareholders' resolution shall specify the limits for the maximum number of stock options that can be granted to non-executive directors, in any financial year and in aggregate.
- c) The Remuneration of a Director shall be inclusive of the remuneration paid to such director for the services rendered in any other capacity but if the services rendered are of a professional nature and the director possesses the requisite qualification for the practice of the profession, then it shall not be included.

(ii) Remuneration to Independent Director

Remuneration:

The remuneration shall be fixed as per the terms and conditions mentioned in the letter of appointment and as per the provisions of Companies Act, 2013.

Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limits as per the applicable provisions of the Companies Act, 2013.

Sitting Fees:

The Independent Directors may receive fees for attending meetings of the Board or Committee thereof.

Provided that the sitting fees shall not constitute part of percentages as laid down under the provisions of the Companies Act, 2013.

Provided further that for Independent Directors, the sitting fees payable to them shall not be less than the sitting fees payable to other directors.

Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

Reimbursement of Expenses:

The Independent Directors may charge reimbursement of expenses for participation in the Board Meeting and for conducting separate meetings of the Independent Directors.

(iii) Remuneration to other Employees

Apart from the Directors, Key Managerial Personnel and Senior Management, the remuneration for the rest of the employees is determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity and local market conditions.

EVALUATION OF THE PERFORMANCE

The Committee shall evaluate the performance of each director of the Company with reference of the authority given in the provisions of section 178 of the Companies Act, 2013 and based on their functions as mentioned in the Code of Conduct of the Directors and the criteria for the evaluation of the performance.

Based on the evaluation, the overall effectiveness of the Board shall be measured and accordingly, the Board shall decide the Appointments, Re-appointments, and Removal of the non-performing Directors of the Company

Evaluation of the Independent Director shall be carried on by the entire Board in the same way as it is done for the Executive Directors of the Company except for the Director getting evaluated.

REVIEW AND AMENDMENT

- a) The Nomination and Remuneration Committee or the Board may review this Nomination and Remuneration Policy and Board Diversity Policy as and when it deems necessary.

- b) The Nomination and Remuneration Committee may issue the guidelines, procedures, formats, reporting mechanism, and manual in supplement and better implementation to these Policies, if it is necessary.
- c) These Policies may be amended or substituted by the Nomination and Remuneration Committee or by the Board as and when required and also by the Compliance Officer where there are any statutory changes necessitating the change in the policy.
