



ALCOBREW DISTILLERIES INDIA LIMITED

NOMINATION AND REMUNERATION POLICY



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1. Introduction

The Nomination & Remuneration Policy (“**Policy**”) of Alcobrew Distilleries India Limited (“**ADIL**” or “**Company**”) is formulated under the requirements of applicable laws, including the Companies Act, 2013 (“**Act**”)

2. Objective and Purpose

The objectives and purpose of this Policy are:

- 2.1. To formulate the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a director (executive/non-executive/independent) of the Company (“**Director**”); and
- 2.2. To recommend policy relating to the remuneration of the Directors, KMP and Senior Management to the Board of Directors of the Company (“**Board**”).

This includes reviewing and approving corporate goals and objectives relevant to the compensation of the executive Directors, evaluating their performance in light of those goals and objectives and either as a committee or together with the other independent Directors (as directed by the Board), determine and approve executive Directors’ compensation based on this evaluation; making recommendations to the Board with respect to KMP and Senior Management compensation and recommending incentive-compensation and equity-based plans that are subject to approval of the Board.

3. Constitution of the Nomination and Remuneration Committee

- 3.1. The Board has constituted the “Nomination and Remuneration Committee” of the Board on April 26, 2022. This is in line with the requirements under the Act. This Policy is integral to the functioning of the Nomination and Remuneration Committee.

The Board has the authority to reconstitute this Committee from time to time.

4. Definitions

- a. ‘Board’ means Board of Directors of the Company.
- b. ‘Directors’ means Directors of the Company.
- c. ‘Committee’ means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act.
- d. ‘Company’ means Alcobrew Distilleries India Limited.



e. 'Independent Director' means a Director referred to in Section 149(6) of Companies Act 2013 and rule made thereunder.

f. 'Key Managerial Personnel (KMP)' means-

- i) the Managing Director or Chief Executive Officer or manager
- ii) Whole-time Director
- iii) the Company Secretary;
- iv) the Chief Financial Officer; and
- v) Any other person as defined under the Act from time to time

g. Senior Management means officers/personnel of the Company who are one level below the Board. The management team includes Chief Operation Officer, Chief Financial Officer, and Company Secretary.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Act as may be amended from time to time shall have the meaning respectively assigned to them therein.

5. General

This Policy is divided in three parts: -

Part – A covers the matters to be dealt with and recommended by the Committee to the Board;

Part – B covers the appointment and removal of Directors, KMP and Senior Management; and

Part – C covers remuneration for Directors, KMP and Senior Management

Part – A

Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee ("NRC")

The following matters shall be dealt with by the Committee: -

(a) Size and composition of the Board:

Periodically reviewing the size and composition of the Board to have an appropriate mix of executive and independent Directors to maintain its independence and separate its functions of governance and management and to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company.

(b) Directors:

Formulate the criteria determining qualifications, positive attributes and independence of a Director and recommend candidates to the Board when circumstances warrant the appointment of a new Director, having regard to qualifications, integrity, expertise and experience for the position.



(c) Succession plans:

Establishing and reviewing Board, KMP and Senior Management succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management.

(d) Evaluation of performance:

(i) Make recommendations to the Board on appropriate performance criteria for the Directors.

(ii) Formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company.

(e) Remuneration framework and policies:

The Committee is responsible for reviewing and making recommendations to the Board on:

a. Remuneration of Executive Directors to be presented for shareholders' approval.

b. Individual and total remuneration of non-executive Directors and the chairperson (if non-executive), including any additional fees payable for membership of Board committees.

c. the remuneration and remuneration policies for KMP and Senior Management including base pay, incentive payments, retirement rights, and service contracts having regard to the need to:

(i) attract and motivate talent to pursue the Company's long term growth;

(ii) demonstrate a clear relationship between executive compensation and performance;

(iii) be reasonable and fair, having regard to best governance practices and legal requirements and

(iv) balance between fixed and incentive pay reflecting short and long-term performance objectives as appropriate for the Company and its goals

PART – B

Policy for appointment and removal of Directors, KMP, and Senior Management

(a) Appointment criteria and qualifications



1. The Committee shall ascertain the integrity, qualification, expertise, and experience of the person identified for appointment as Director, KMP or Senior Management and recommend to the Board his/her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
2. A person to be appointed as Director, KMP or Senior Management should possess adequate qualification, expertise, and experience for the position he / she is considered for.
3. A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise, and insights in sectors / areas relevant to the Company, ability to contribute to the Company's growth and complementary skills in relation to the other Board members.
4. For every appointment of an independent director, the NRC shall evaluate the balance of skills, knowledge, and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended for such role shall meet the description.
5. For the purpose of identifying suitable candidates, the Committee may;
 - a. use the services of external agencies, if required
 - b. consider candidates from a wide range of backgrounds, having due regard to diversity and
 - c. consider the time commitments of the candidates

(b) Term / Tenure

1. Managing Director / Whole-time Director

The Company shall appoint or re-appoint any person as its Managing Director and CEO or Whole-time 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.

2. 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 in the manner as specified under the Act .

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 applicable regulations in force.

(c) Removal

Due to reasons for any disqualification mentioned in the Act and rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with



reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

(d) Retirement

The Directors, KMP and Senior Management 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 Directors, KMP and Senior Management in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

PART – C

Policy relating to the remuneration for Directors, KMP and Senior Management

(a) General

1. The remuneration/compensation/commission etc. to be paid to Directors will be determined by the Committee and recommended to the Board for approval.
2. The remuneration and commission to be paid to the Managing Director/Whole-time Director shall be in accordance with the provisions of the Companies Act 2013, and the rules made thereunder.
3. Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managing Director/ Whole-time Director.
4. Where any insurance is taken by the Company on behalf of its Directors, KMP and Senior Management for indemnifying them against any liability, 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.

(b) Remuneration to KMP and Senior Management

i. Fixed pay: The Executive Directors/ 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 or policy of the Company. In case of remuneration to Directors, 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 if required as per the Act.

ii. Commission: Commission may be paid to the Executive Director, as may be applicable, within the monetary limit approved by shareholders, subject to the limits prescribed under the applicable provisions of the Act.

iii. Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive Directors in accordance with the provisions of the Act.

iv. Provisions for excess remuneration: If any Chairman/Managing Director/Whole-time Directors 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 necessary approvals /, 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 necessary approvals are obtained under the Act.

(c) Remuneration to other employees

The compensation for other employees would be as per the annual compensation review process from time to time and approved by Managing Director/Executive Director, in consultation with the Head- HR.

(d) Minimum remuneration to Whole-time Directors

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Directors in accordance with the provisions of Schedule V of the Act.

(e) Remuneration to Non-Executive / Independent Directors

Remuneration: The remuneration payable to each Non-Executive Director is based on the remuneration structure as determined by the Board, and is revised from time to time, depending on individual contribution, the Company's performance, and the provisions of the Act and the rules made thereunder. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Non-Executive / Independent Directors in accordance with the provisions of Schedule V of the Act.

6. Minutes of Nomination and Remuneration Committee meeting:

Proceedings of all meetings must be minuted and signed as per provisions of the Act and rules thereunder.

7. Policy review

(a) This Policy is framed based on the provisions of the Companies Act 2013 and rules thereunder.

(b) In case of any subsequent changes in the provisions of the Act or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

(c) This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification to the policy as recommended by the Committee would be placed before the Board of Directors for their approval.