

AVENUE SUPERMARTS LIMITED

NOMINATION AND REMUNERATION POLICY

INTRODUCTION

This policy on nomination and payment of remuneration to Directors, Key Managerial Personnel and other employees has been formulated by the Nomination and Remuneration Committee (“the Committee”) and approved by the Board of Directors.

OBJECTIVES OF THE POLICY

- i. To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees;
- ii. To formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors;
- iii. To identify the persons who are qualified to become Directors and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy;
- iv. To guide the Committee on appointment and removal of Director, Key Managerial Personnel and Senior Management Personnel;
- v. To devise a policy on diversity of the Board of Directors; and
- vi. To assist the Committee on extension / continuation of the term of appointment of the Independent Director, performance evaluation of Independent Directors and Committee reporting to the Board.

This Policy is divided in two parts:

Part A - Policy for appointment of and payment of remuneration to Director, Key Managerial Personnel and other employees.

Part B - Policy on Diversity of Board of Directors of the Company

Effective Date

The policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on 25th April, 2014 and as amended from time to time. This policy shall be operational with immediate effect.

Part A - Policy for Appointment of and Payment of Remuneration to Director, Key Managerial Personnel and other employees.

Definitions

- **Board:** Board means Board of Directors of the Company.
- **Director:** Director means Director of the Company appointed in accordance with the Companies Act, 2013.
- **Committee:** Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.
- **Company:** Company means Avenue Supermarts Limited.
- **Independent Director:** As provided under the Companies Act, 2013 and Regulation 16(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time), an Independent Director in relation to a Company, means a Director other than a Managing Director or a Whole-time Director or a Nominee Director, —
 - (a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
 - (b) who is or was not a promoter of the Company or its holding, subsidiary or associate company or member of the Company's promoter group;
 - (c) who is not related to promoters or directors in the Company, its holding, subsidiary or associate company;
 - (d) who has or had no pecuniary relationship, apart from receiving Directors remuneration or having transaction not exceeding 10% of his income or such amount as may be prescribed 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;

(e) none of whose relatives—

- i. is holding any security of or interest in the Company of face value exceeding Rs. 50 lakhs or 2% of the paid-up capital of the Company, its Holding, Subsidiary(ies) or Associate Company(ies) during the two immediately preceding financial years or during the current financial year;
- ii. is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, for an amount of Rs. 50 lakhs, at any time during the two immediately preceding financial years or during the current financial year;
- iii. has given a guarantee or provided any security in connection with the indebtedness of any third person to the Company, its Holding, Subsidiary(ies) or Associate Company(ies) or their promoters, or directors of such holding company, for an amount of Rs. 50 lakhs during the two immediately preceding financial years or during the current financial year;
- iv. have/ had any pecuniary relationship or transaction with the Company, its Holding, Subsidiary(ies) or Associate Company(ies), or their promoters, or directors, amounting to two per cent or more of the gross turnover or total income of the said company(ies) or Rs. 50 lakhs, whichever is lower, during the two immediately preceding financial years or during the current financial year; singly or in combination with the transactions referred to above sub-clauses (i), (ii) or (iii).

(f) who, neither himself nor any of his relatives—

- i. holds or has held the position of a key managerial personnel or is or has been employee of the Company or its holding, subsidiary(ies) or associate company(ies) in any of the preceding three financial years;
- ii. is or has been an employee or proprietor or a partner, in preceding three financial years of—
 - a firm of auditors or company secretaries in practice or cost auditors of the Company or its holding ,subsidiary or associate company(ies); or
 - 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;

- iii. holds together with his relatives two per cent or more of the total voting power of the Company, either individually or together;
 - iv. occupies post of a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the Company, any of the promoters, directors or the holding ,subsidiary(ies) or associate company(ies) or that holds two per cent or more of the total voting power of the Company;
 - v. is a material supplier, service provider or customer or a lessor or lessee of the Company.
- (g) who possesses such other qualifications as prescribed under rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014;
- (h) who has completed the age of 21 years;
- (i) who is not a Non-Independent Director of another Company on the Board of which any Non-Independent Director of the Company is an Independent Director;
- **Key Managerial Personnel:** Key Managerial Personnel (KMP) 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; and
 - (v) such other officer, not more than one level below the directors who is in whole-time employment designated as key managerial personnel by the Board; and
 - (vi) such other officer as may be prescribed
 - **Senior Management:** The expression Senior Management means 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.
 - **Other Employees:** The expression shall mean all the permanent employees of the Company excluding the Board of Directors and the Key Managerial Personnel.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined under the Companies Act, 2013 or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be amended from time to time, shall have the meaning respectively assigned to them therein.

Applicability

The Policy is applicable to:

- Directors (Executive and Non-Executive)
- Key Managerial Personnel (hereinafter referred to as “KMP”)
- Senior Management Personnel and other employees

Constitution of the Nomination and Remuneration Committee

The Board has the power to constitute/ re-constitute the Committee from time to time in order to make it consistent with the Company’s policy and applicable statutory requirement. At present, the Nomination and Remuneration Committee comprises the following Directors:

Name of the Director	Category	Designation
Mr. Chandrashekhar Bhave	Non-Executive, Independent Director	Chairman
Mr. Ramesh Damani	Non-Executive, Independent Director	Member
Mrs. Manjri Chandak	Non-Executive Director	Member

General Appointment Criteria

- i. The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, Independent Director or KMP and accordingly recommend to the Board his / her appointment.
- ii. The Company should ensure that the person so appointed as Director/ Independent Director/ KMP shall not be disqualified under the Companies Act, 2013, rules made thereunder, or any other enactment for the time being in force.
- iii. The Director/ Independent Director/ KMP shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made there under, and any other enactment for the time being in force which is applicable to the Company.
- iv. While evaluating the person for appointment / re-appointment of Senior Management position, the HR Head shall consider individual’s background, competency, skills, educational and professional background, age and relevant experience and the same shall be then recommended to the Chief Executive Officer (hereinafter referred to as “CEO”) and / or Managing Director of the

Company. The CEO and/or the Managing Director of the Company in accordance with the applicable provisions of the Companies Act, 2013 and in accordance with the Company's HR Policy, shall make appointment / re-appointments of Senior Management Personnel.

Additional Criteria for Appointment of Independent Directors

The Committee shall consider qualifications for Independent Directors as mentioned herein earlier under the head 'Definitions' and also their appointment shall be governed as per the provisions of Section 149 read with Schedule IV of the Companies Act, 2013 (as amended from time to time) and applicable regulation of SEBI (LODR) Regulations, 2015 (as amended from time to time).

Term / Tenure

The Term / Tenure of the Directors/ Independent Directors/ KMP shall be determined by the Committee in accordance with the provisions of the Companies Act, 2013 and rules made there under as amended from time to time.

Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable Act, rules and regulations or any other reasonable ground, the Committee may recommend to the Board for removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

Retirement

The Directors and Key Managerial Personnel, Senior Management Personnel and other employees shall retire as per the provisions of the applicable Acts, Rules and Regulations and in accordance with the prevailing HR policy of the Company.

Remuneration

The Committee will recommend the remuneration to be paid to the CEO and/or the Managing Director, Whole-time Director, KMP and other employees as specified in this Policy to the Board for their approval.

The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate Directors, Key Managerial Personnel and Senior Management of the quality required to run the Company successfully. The relationship of remuneration to performance should be made clear and should meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Company and its goals:

1. Managing Director /Whole-time Director

- i. The overall limits of the remuneration/ compensation/ commission to be paid to the Managing Director /Whole-time Director shall be governed as per provisions of Section 197 of the Companies Act, 2013, rules made there under and Schedule V of the Companies Act, 2013 or any other enactment for the time being in force.
- ii. The remuneration shall be divided in fixed and variable components, if any. The fixed component shall comprise salary, perquisites, allowances, amenities; whereas the variable component consists of performance bonus.
- iii. The annual increments for the CEO and/or the Managing Director / Whole-time Director shall be carried out by the Board of Directors on prior recommendations of the Committee.

2. Non-Executive Directors

- i. The Non-Executive Directors including Independent Directors shall be paid sitting fees for attending meetings of the Board and the Committee thereof.
- ii. The quantum of the sitting fees shall be recommended by the Nomination and Remuneration Committee to the Board for their approval and that the same shall be within maximum limits as provided under the Companies Act, 2013.
- iii. The Independent Directors shall be paid Commission within the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.
- iv. Independent Director shall not be eligible for Stock Options

3. KMP / Senior Management Personnel / Other Employees

- i. The Remuneration to be paid to KMP shall be based on the experience, qualification and expertise of the related personnel and governed by the limits, if any prescribed under the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.
- ii. The remuneration, performance appraisal and rewards to Senior Management and other employees, shall be in line with the stated objectives.
- iii. The Senior Management Personnel and other employees of the Company shall be paid monthly remuneration comprises basic salary, dearness allowance, house rent allowance, ex-gratia, performance bonus, contribution to provident fund and superannuation fund, premium on medical insurance and personal accident insurance, gratuity, leave travel allowance, leave encashment, and so on, as applicable and linked to their grade as per the Company's HR Policy and as approved by the CEO and/or the Managing Director of the Company.

- iv. If the remuneration of any other employee is specifically required to be approved by the Committee or Board of Directors under any regulations, then such approval will be accordingly sought.
- v. The annual increments for the Key Managerial Personnel / Senior Management Personnel / Employees one level below the CEO and/or the Managing Director / Whole-time Director / Manager shall be carried out by the Board of Directors on prior recommendations of the Committee.
- vi. The annual increments of other employees shall be linked to their overall performance and as decided by the CEO and/or the Managing Director in consultation with their reporting managers and Human Resources Department.
- vii. The KMP, Senior Management Personnel and other employees of the Company may also be eligible for stock options as per the scheme framed/ to be framed by the Company, from time to time.
- viii. All the employees of the Company must conduct themselves to ensure that no breach of Code of Conduct, Standard Operating Procedures (SOPs) and all other relevant and applicable Codes are committed. Any such breach will have a direct bearing on their performance appraisal and rewards and shall also attract appropriate disciplinary action.

4. Directors' and Officers' Insurance

Where any insurance is taken by the Company on behalf of its Directors, KMPs and Senior Management Personnel, among others 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 unless otherwise specifically provided under the Act.

Provided where any Director, KMP and SMP are proved to be guilty, then the premium paid on such insurance shall be treated as part of the remuneration.

Annual Evaluation

The annual evaluation of the Directors, Independent Directors and KMP shall be carried out by the Board of Directors of the Company in pursuance of the Annual Performance Evaluation Policy of the Company.

- i. The annual increment and performance based bonus is based on criteria of roles and responsibility, the Company's performance with the annual budget achievement, individual performance of the Senior Management Personnel vis-à-vis industry's benchmarks.
- ii. The Nomination and Remuneration Committee shall specify the manner for effective evaluation of performance of the Board, its committees and individual Directors to be carried out either by the Board of Directors, by the Committee or

by an independent external agency and review its implementation and compliance.

PART B – POLICY ON DIVERSITY OF BOARD OF DIRECTORS OF THE COMPANY

A. Policy Statement

The Company recognises and embraces the benefits of having a diverse Board that possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the business of the Company. Diversity at Board level is an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of varieties of skills, regional and industry experience, background, race, gender and other distinctions between Directors. These differences will be considered in determining the optimum composition of the Board and when required should be balanced appropriately.

The Company maintains that Board appointments should be based on merit that complements and expands the skills, experience and expertise of the Board as a whole taking into account knowledge, professional experience and qualifications, gender, age, cultural and educational background, and any other factors that the Board might consider relevant and applicable from time to time for it to function effectively. In the process of attaining a diverse Board based on the aforementioned criteria, the following criteria needs to be assessed:

I. Optimum Composition

- (a) The Board shall have an optimum combination of Executive and Non-Executive Directors and not less than 50% of the Board of Directors comprising Non-Executive Directors;
- (b) At least half of the Board should consist of Independent Directors (where the Chairman of the Board is Executive Director) or at least one-third of the Board should comprise of Independent Directors (where the Chairman of the Board is Non- Executive Director);
- (c) The Company shall continue to have at least one Independent Woman Director on the Board to ensure that there is no gender inequality on the Board.

II. Recommendation

While recommending the appointment of new Directors, the Committee will:

- (a) Review Board composition, consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to enable it to discharge its duties and responsibilities effectively.
- (b) Identify suitable candidates for appointment to the Board, consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

III. Functional Diversity

- (a) Appointment of Directors to the Board of the Company should be based on specific needs and business of the Company. Appointment should be done based on the qualification, knowledge, experience and skill of the proposed appointee which is relevant to the business of the Company;
- (b) Knowledge of and experience in domain areas such as finance, legal, risk management, industry, and so on, should be duly considered while making appointments to the Board level;
- (c) While appointing Independent Directors, care should be taken as to the independence of the proposed appointee;
- (d) Directorships in other companies may also be taken into account while determining the candidature of a person.

REVIEW AND AMENDMENTS

The Committee can amend the policy as and when deemed fit. Any or all provisions of this policy are subject to revision / amendment in accordance with the rules / regulations / notifications etc. as maybe issued by the relevant statutory authorities from time to time.

In case of any amendment(s) / clarification(s), circular(s) etc. issued by the relevant authorities found inconsistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.