



# **ABANS HOLDINGS LIMITED**

(Formerly Known as Abans Holdings Pvt. Ltd.)

## **NOMINATION, REMUNERATION & PERFORMANCE EVALUATION POLICY**

(Adopted on 12th July, 2021)

### **Abans Holdings Limited**

(Formerly Known as Abans Holdings Pvt. Ltd.)

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# NOMINATION, REMUNERATION & PERFORMANCE EVALUATION POLICY

## I. PREAMBLE

This Committee and the Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and relevant Regulations with respects to Corporate Governance of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations), as amended from time to time.

The Board of Directors (the "Board") of Abans Holdings Limited (formerly known as Abans Holdings Private Limited) (the "Company" or "AHL"), has adopted the following policy and procedures with regard to appointment, remuneration and evaluation of performance of Directors, Key Managerial Personnel and Senior Management. The Board / Audit Committee will review and may amend this policy from time to time.

## II. OBJECTIVE

The key objectives of the Committee would be:-

- a) To guide the Board in relation to appointment and removal of Directors and Senior Management;
- b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation;
- c) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

## III. DEFINITIONS

**"Board"** means Board of Directors of the Company.

**"Company"** means "Abans Holdings Limited (Formerly known as Abans Holdings Private Limited)."

**"Independent Director"** means a director referred to in Section 149 (6) of the Companies Act, 2013.

**"Key Managerial Personnel"** (KMP) means

- a) Chief Executive Officer or the Managing Director or the Manager;
- b) Company Secretary and
- c) Chief Financial Officer.

**"Nomination and Remuneration Committee" or "Committee"** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Regulations.

**"Policy or This Policy"** means, "Nomination, Remuneration and Performance Evaluation Policy"

**"Remuneration"** means any money or its equivalent given, paid or provided to any person for services rendered by him and includes perquisites in cash or kind as defined under the Income-tax Act, 1961.

**"Senior Management"** means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads.

#### **IV. INTERPRETATION**

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, Listing Regulations and/or any other SEBI Regulation(s) as amended from time to time.

#### **V. GUIDING PRINCIPLES**

The policy ensures that:-

- a) The level, composition and break-up of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully; While doing so the remuneration in the peer group will be taken into account.
- b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- c) Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

#### **VI. ROLE OF THE COMMITTEE**

The role of the Committee, inter alia, will be the following:

- a) To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- b) Formulate criteria for evaluation of Independent Directors and the Board.
- c) Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- d) To carry out evaluation of every Director's performance.
- e) To recommend to the Board the appointment and removal of Directors and Senior Management.
- f) To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- g) Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- h) To devise a policy on Board diversity.
- i) To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- j) To perform such other functions as may be necessary or appropriate for the performance of its duties.

## **VII. MEMBERSHIP**

- a) The Committee shall comprise at least three (3) Directors, all of whom shall be non-executive Directors with at least half of them shall be Independent, any fraction to be rounded to the next integer.
- b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirement.
- c) Minimum two (2) members shall constitute a quorum for the Committee meeting.
- d) Term of the Committee shall be perpetual unless terminated by the Board of Directors.

## **VIII. 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 Chair 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) Chairperson of the Nomination and Remuneration Committee could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

## **IX. FREQUENCY OF MEETINGS**

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

## **X. COMMITTEE MEMBERS' INTEREST**

- 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 from Senior Management, as it considers appropriate, to be present at the meetings of the Committee.

## **XI. 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. However, dissenting member's statement shall be minuted.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## **XII. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT**

### **Appointment criteria and qualifications:**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director or at Senior Management level and recommend to the Board his / her appointment.

- b) 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 are sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager 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.

**Term/ Tenure:**

- a) Managing Director/Whole-time Director/Manager (Managerial Person):

The Company shall appoint or re-appoint any person as its Managerial Person 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.

**Independent Director:**

- a) An Independent Director shall hold office for a term of upto 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.
- b) 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. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1 October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only. (Please insert the latest provisions regarding IDs as per LODR amendments which are supposed to come into effect from 1/1/2022)
- c) 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.

**Evaluation**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management at yearly or at such other intervals as may be considered necessary.

Each year the Board of the Company will carry out an evaluation of its own performance. The Board performance evaluation is designed to:

- a) Review the pre-determined role of the Board collectively and individual Directors in discharge of duties as set out in the Company from time to time.
- b) annually assess how well directors are discharging their responsibilities; collectively by assessing the Board's effectiveness; and individually by assessing the quality of a Director's contribution to general discussions, business proposals and governance responsibilities;
- c) annually assess the performance of directors in discharging their responsibilities;

- d) regularly evaluate the Directors' confidence in the integrity towards the Company, the quality of the discussions at Board meetings, the credibility of the reports and information they receive, the level of interpersonal cohesion between Board members and the degree of Board knowledge; and
- e) enable Board members, individually and collectively, to develop the key skills required to meet foreseeable circumstances with timely preparation, agreed strategies and appropriate development goals.

This can be achieved by collectively assessing the Board's effectiveness and by individually assessing the quality of a Director's contribution to general discussions, business proposals and governance responsibilities.

#### **Criteria for Evaluation of Performance:**

The Nomination and Remuneration Committee has laid down the criteria for evaluation of performance of Independent Directors and the Board.

- a) Attendance and contribution at Board and Committee meetings;
- b) His/her stature, appropriate mix of expertise, skills, behaviour, experience, leadership qualities, sense of sobriety and understanding of business, strategic direction to align company's value and standards.
- c) His/her knowledge of finance, accounts, legal knowledge, investment, marketing, foreign exchange/hedging, internal controls, risk management, assessment and mitigation, business operations, processes and Corporate Governance.
- d) His/her ability to create a performance culture that drives value creation and a high quality of debate with robust and probing discussions.
- e) Effective decision making ability to respond positively and constructively to implement the same to encourage more transparency.
- f) Open channels of communication with executive management and other colleague on Board to maintain high standards of integrity and probity.
- g) Recognize the role which he/she is expected to play, internal Board Relationships to make decisions objectively and collectively in the best interest of the Company to achieve organizational successes and harmonizing the Board.
- h) His/her global presence, rational, physical and mental fitness, broader thinking, vision on corporate social responsibility etc.
- i) Quality of decision making on source of raw material/procurement of roughs, export marketing, understanding financial statements and business performance, raising of finance, best source of finance, working capital requirement, forex dealings, geopolitics, human resources etc.
- j) His/her ability to monitor the performance of management and satisfy himself with integrity of the financial controls and systems in place by ensuring right level of contact with external stakeholders.
- k) His/her contribution to enhance overall brand image of the Company.
- l) As per Criteria specified vide SEBI Circular SEBI/HO/CFD/CMD/CIR/P/2017/004 dated January 05, 2017, Guidance Note on Board Evaluation

#### **Procedure for Board Performance Evaluation**

- a) The Chairperson will meet with the directors either collectively or separately, as he may deem fit, seeking input in relation to the performance of the Board, each Board Committee, other Whole time Directors and his own performance.
- b) Performance should be assessed quantitatively and qualitatively, as appropriate, based on the strategic plans and the roles/position description.
- c) The Chairperson will collect the input and provide an overview report for discussion by the Board.
- d) The Board as a whole will discuss and analyse the performance collectively of each director individually and its own performance during the year including suggestions for change or improvement, as well as any skills, education or development required over the forthcoming year.

### **Procedure for Board Performance Evaluation of Managing Directors and Key Executive of the Company**

The Board will ensure that the Managing Directors and other key executives will execute the Company's strategy through the efficient and effective implementation of the business objectives. In order to accomplish this:

- a) Each year the Board shall review the Company's strategy.
- b) Following such a review the Board shall set the organization performance objectives based on qualitative and quantitative measures.
- c) These objectives are reviewed periodically to ensure that they remain consistent with the Company's priorities and the changing nature of the Company's business.
- d) These objectives form part of the performance targets as assigned to the Managing Director / Executive Directors.
- e) Performance against these objectives is reviewed annually by the Board.
- f) The Managing Directors are responsible for assessing the performance of the key executives and a report is provided to the Board for review.

### **Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, 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.

### **Retirement**

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## **XIII. PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSON, KMP AND SENIOR MANAGEMENT**

### **General:**

- a) The remuneration / compensation / commission etc. to Managerial Person, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for

approval. The remuneration / compensation / commission etc. shall be subject to the prior/post facto approval of the shareholders of the Company and Central Government, wherever required.

- b) The remuneration and commission to be paid to Managerial Personnel shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
- c) Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Personnel. Increments will be effective from the date of reappointment in respect of Managerial Personnel in the event of their re-appointments and 1st April in each financial year in other cases. In respect of other employees of the Company the increments shall take effect from 1<sup>st</sup> April in each financial year.
- d) Where any insurance is taken by the Company on behalf of its Managerial Personnel, KMP and any other employees 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.

#### **Types of Remuneration to Managerial Personnel, KMP and Senior Management:**

##### **a) Fixed Pay:**

Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. The break-up 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 on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

##### **b) Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

##### **c) Provisions for excess remuneration:**

If any Managerial Person draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 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.

#### **Remuneration to Non-Executive / Independent Director:**

##### **a) Remuneration/ Commission**

The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.

##### **b) Sitting fees**

The Non- Executive / Independent Director may or may not receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or



any Committee thereof or such amount as may be prescribed by the Central Government from time to time.

**c) Limit of Remuneration/ Commission**

Remuneration /Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

**d) Stock options**

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

#### **XIV. MINUTES OF COMMITTEE MEETING**

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

#### **XV. DEVIATIONS FROM THIS POLICY**

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

- a) This Policy forms part of Performance Evaluation and Remuneration Policy and it sets out the Company's approach to ensuring adequate diversity in its Board of Directors (the "Board") and is devised in consultation with the Nomination and Remuneration Committee (the "Committee") of the Board.
- b) The Policy applies to the Board of ABans Holdings Limited (the "Company"). It does not apply to employees generally.
- c) The Company recognizes and embraces the benefits of having a diverse Board of Directors and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage in the complex business that it operates. It is recognised that a Board composed of appropriately qualified people with broad range of experience relevant to the business of the Company is important to achieve effective corporate governance and sustained commercial success of the Company. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions amongst Directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. At a minimum, the Board of the Company shall consist of at least one woman Director. All Board appointments are made on merit, in the context of the skills, experience, independence, knowledge and integrity which the Board as a whole requires to be effective.
- d) The Board and the Committee will review this Policy on a regular basis to ensure its effectiveness and also compliance with Corporate Governance provisions of the Listing Regulations.

#### **XVI. FRAMEWORK FOR SEPARATE MEETING OF INDEPENDENT DIRECTORS**

- a) As required by the provisions of Schedule IV to the Act and the Corporate Governance Provisions, the Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of Non-independent Directors and members of the management.
- b) The meeting shall:
  - review the performance of Non-independent Directors and the Board as a whole;

- review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-executive Directors;
  - assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.
- c) This meeting could be held prior or after the Board Meeting as desired.

## **XVII. IMPLEMENTATION**

- a) The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- b) The Committee may Delegate any of its powers to one or more of its members.

## **XVIII. DISCLOSURE**

In accordance with the requirement under the Companies Act, 2013, Rules made thereunder and Listing Regulations, disclosures will be made in the Board Report regarding the manner in which the performance evaluation has been done by the Board of Directors of its own performance, performance of various Committees of Directors and individual Directors.

The Company shall disclose the same in its Annual Report.

This Policy will be uploaded on the website of the Company namely, [www.abansholdings.com](http://www.abansholdings.com). The provisions of this Policy can be amended / modified by the Board of Directors of the Company from time to time and all such amendments/modifications shall take effect from the date stated therein.