



ALLIED DIGITAL SERVICES LIMITED

NOMINATION AND REMUNERATION POLICY

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NOMINATION AND REMUNERATION POLICY

1. Purpose of the Policy:

The Nomination and Remuneration Committee of the Board (“NRC”) and this Policy shall be in compliance with the provisions of Section 178 (3) of the Companies Act, 2013 (“Act”), and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) as amended from time to time. NRC has formulated this policy relating to the appointment and remuneration for the Directors, Key Managerial Personnel (KMP), Senior Management and other employees.

The Policy is framed with the objective(s):

- i. To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the Directors of the quality required to run the Company successfully;
- ii. To ascertain that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- iii. To ensure that the remuneration to Directors, Key Managerial Personnel (KMP) 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;
- iv. To lay down criteria with regard to identifying persons who are qualified to become Directors (Executive and Non-executive) and persons who may be appointed in Key Managerial and Senior Management positions and to determine their remuneration;
- v. To determine remuneration based on the Company’s size and financial position and trends and practices on remuneration prevailing in peer companies, in the industry;
- vi. To carry out evaluation of the performance of Directors, KMPs and Senior Management and to provide for reward(s) linked directly to their effort, performance, dedication and achievement relating to the Company’s operations; and
- vii. To lay down criteria for appointment, removal of Directors, KMPs and Senior Management and evaluation of their performance.
- viii. To recommend to the Board, all remuneration, in whatever form, payable to the Managing Director, Executive Director, KMPs and Senior Management of the Company.

In accordance with the policy, the Managing Director, Executive Director, KMPs, Senior Management and employees be paid fixed salary which includes basic salary, allowances, perquisites and other benefits and it may also pay annual incentive remuneration / performance-linked incentive subject to achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the NRC and the Board. The performance linked incentive is driven by the outcome of the performance appraisal process and the performance of the Company.

2. Definitions:

2.1 **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

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

2.3 Directors mean Directors of the Company

2.4 Policy or this Policy means, "Nomination and Remuneration Policy."

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

2.5.1 Chief Executive Officer or the Managing Director or the Manager;

2.5.2 Whole-time Director;

2.5.3 Chief Financial Officer;

2.5.4 Company Secretary; and

2.5.5 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

2.5.6 such other officer as may be prescribed.

2.6 **Senior Management Personnel** ("**SMP**") means the officers and personnel of the Company who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

3. ROLE OF THE COMMITTEE

3.1. Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee.

The Committee shall:

- 3.1.1 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 of Directors their appointment and removal.
- 3.1.2 For appointment of an independent director, 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 to the Board for appointment as an independent director shall have the capabilities identified in such description. For identifying suitable candidates, the Committee may:
 - a. use the services of an 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.
- 3.1.3 Recommend to the Board appointment and removal of Directors, KMP and Senior Management Personnel and shall carry out evaluation of every Director's performance.
- 3.1.4 Formulate the criteria for determining qualifications, positive attributes and independence for appointment of a director and recommend to the Board a policy, relating to the remuneration for the Directors, KMPs, SMPs and other employees.
- 3.1.5. Recommend to the Board whether to extend or continue the term of appointment of the Independent Directors on the basis of the report of performance evaluation of the Independent Directors.
- 3.1.6 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 Key Managerial Personnel and such other factors as the Committee shall deem appropriate.

3.1.7 Make independent/ discreet references, where necessary, well in time to verify the accuracy of the information furnished by the applicant.

3.1.8 Devising a policy on Board diversity.

3.1.9. Recommend to the Board, all remuneration, in whatever form, payable to Directors, KMPs, SMPs and other employees of the Company.

4. Policy for appointment and removal of Directors, Key Managerial Personnel (KMP) & Senior Management Personnel (SMPs) :

4.1. Appointment criteria and qualifications

4.1.1 The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMPs and SMPs and recommend to the Board his / her appointment.

4.1.2 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.

4.1.3 The Company shall not appoint or continue the employment of any person as Managing Director Whole-time Director or 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.

4.1.4 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 Board of Directors of the Company.

4.2. Term / Tenure

4.2.1 Chairman/Managing Director/Executive 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

or as may be prescribed under the Act. No re-appointment shall be made earlier than one year before the expiry of term.

4.2.2 Independent Director:

- i. An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company but shall be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- ii. No Independent Director shall hold office for more than two consecutive terms of Five Years, 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.

- iii. The Company shall not appoint any resigning Independent Director, as Executive Director, unless a period of one year has elapsed from the date of resignation as an Independent Director.

4.3 Removal of Director/KMP/Senior Management:

Due to reasons for any disqualification mentioned in the Act and SEBI Listing Regulations or any other reasonable ground, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, Key Managerial Personnel or Senior Management subject to the provisions and compliance of the said Act and SEBI Listing Regulations.

5. Remuneration to Directors, Key Managerial Personnel and Senior Management:

- i. The Committee will recommend the remuneration to be paid to the Managing Director, Executive Director, Senior Management and KMP to the Board for their approval, in accordance with the provisions of the Act.
- ii. The remuneration payable by the Company to Non-Executive Directors shall be subject to the conditions specified in the Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

- iii. The Remuneration to be paid to KMPs/ Senior Management Personnel shall be based on the experience, qualification and expertise of the related personnel, their performance and governed by the limits, if any prescribed under the Act or any other enactment for the time being in force.
- iv. 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:

5.1. Criteria for Remuneration to Directors, Key Managerial Personnel and Senior Management:

- (a) Performance:** The Committee shall while determining remuneration ensure that the performance of the Director, Key Managerial Personnel and Senior Management and their commitment and efficiency is constructive and beneficial in generating commercial for the Company.
- (b) Responsibilities and Accountability:** The roles and responsibilities towards the organisation and the position of the Director, Key Managerial Personnel and Senior Management shall be formerly evaluated to fix the remuneration.
- (c) Transparency:** The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.
- (d) Flexibility:** The Remuneration payable shall be flexible to meet both the needs of individuals and those of the Company while complying with relevant tax and other legislation.
- (e) Affordability and Sustainability:** The remuneration payable is affordable and on a sustainable basis.

5.2. Policy relating to the Remuneration for The Managing Director/Executive Director

- a) The compensation paid to the executive directors (including the managing director) will be within the scale approved by the shareholders. The elements of the total

compensation, approved by the NRC will be within the overall limits specified under the Act.

- b) Besides the above Criteria, the Remuneration/ compensation etc to be paid to Managing Director/Executive Director shall be governed as per provisions of the Act or any other enactment for the time being in force.
- c) The remuneration payable by the Company to the executive directors shall be subject to the conditions specified in the Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

5.3. Remuneration to Non- Executive / Independent Director

- a) The Non- Executive / Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. The remuneration/ compensation to the Non-Executive Directors will be determined by the NRC and recommended to the Board for its approval.
- b) The remuneration payable by the Company to Non-Executive Directors shall be subject to the conditions specified in the Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

5.4 Remuneration to KMPs / Senior Management Personnel etc.

- a) The Remuneration to be paid to KMPs/ Senior Management Personnel shall be based on the experience, qualification and expertise of the related personnel, their performance and governed by the limits, if any prescribed under the Act or any other enactment for the time being in force.

5.5. Directors' and Officers' Insurance

- a) Where any insurance is taken by the Company on behalf of its Directors, KMPs/ Senior Management Personnel etc. 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 person unless otherwise specifically provided under the Act.

6. Evaluation

The Nomination & Remuneration Committee of the Board shall specify the manner for effective evaluation of performance of Board, its committees and individual

Directors to be carried out either by the Board or by the Committee or by an independent external agency and review its implementation and compliance as the statutory requirements from time to time.

7. Retirement

The Director excluding Independent Director and Key Managerial 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 and Key Managerial Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

8. Membership

8.1 Members of NRC shall be appointed by the Board with a minimum of three Directors and all the Directors of the Committee shall be Non –Executive Directors and at-least two-thirds of the Directors shall be Independent Directors.

8.2 Chairman of the Company may be appointed as a Member of the NRC but shall not be a Chairman of the NRC.

8.3 The Chairman of NRC shall be elected from Members amongst themselves who shall be an Independent Director. In the absence of the Committee’s Chairman, the remaining Members present shall elect one of themselves to chair the meeting who shall be an Independent Director.

8.4 Only members of the Committee have the right to attend and vote at the Committee meetings and any other person required to attend the meeting will have no right to vote.

8.5 Chairperson of the NRC may be present at the Annual General Meeting or may nominate some other Member to answer the shareholders’ queries.

9. Frequency of the meetings

The Nomination and Remuneration Committee shall meet at least once in a year

10. Committee Members' Interests

10.1 A Member of the Committee is not entitled to participate in the discussions when his/her remuneration is discussed at a meeting or when his/her performance is being evaluated.

10.2 The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the NRC.

11. 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.

12. Quorum of the Meeting

The quorum for a meeting of the Nomination and Remuneration Committee shall be either two members or one third of the Members of the Committee, whichever is greater, including at least one Independent Director in attendance.

13. Dissemination of the Policy

The Policy shall be disseminated on the Company's website. Salient features of the Policy, any change therein, the web address, where the Policy is published and evaluation criteria shall be given in the Annual Report of the Company in compliance with the provisions of the Act and Listing Regulations.

14. Amendment

Any change in the Policy shall be approved by the Board of Directors of the Company. This amended policy is approved and adopted by the Board of Directors in its meeting held on March 22, 2024 with immediate effect.