ADANI ENTERPRISES LIMITED

NOMINATION AND REMUNERATION POLICY OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

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1. BACKGROUND

Adani Enterprises Limited (hereinafter referred as the 'Company') practices a corporate culture that is based on the tenets of trusteeship, empowerment, accountability, control and ethical practices with transparency at its core for creation of maximum value for the stakeholders.

2. BRIEF OVERVIEW UNDER COMPANIES ACT 2013

- Section 178 and Companies [Meetings of Board and its Powers] Rules, 2014

  - Constitution of the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors.

  - The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by and independent external agency and review its implementation and compliance.

  - The Nomination and Remuneration Committee shall 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.

  - The Nomination and Remuneration Committee shall, while formulating the policy ensure that:—

    - the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

    - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

    - 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.

- Such policy shall be placed on the website of the company, if any, and the salient features of the policy and changes therein, if any, along with the web address of the policy, if any, shall be disclosed in the Board's report.

3. BRIEF OVERVIEW OF REGULATION 19 OF SEBI Listing Regulations

Nomination and Remuneration Committee

A. The company shall set up a Nomination and Remuneration committee which shall comprise at least three directors, all of whom shall be non-executive directors and at least half shall be independent. Chairman of the committee shall be an independent director.

B. The Chairman of the committee may be present at the annual general meeting, to answer the shareholders' queries; however, it shall be up to the chairperson to decide who shall answer the queries.

C. The role of the committee shall be in terms of Part D of the Schedule II of SEBI Listing Regulations, as amended, which inter-alia, includes the following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

- For every appointment of an independent director, the Nomination and Remuneration Committee 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 the purpose of 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.

- Formulation of criteria for evaluation of Independent Directors and the Board;

- Devising a policy on Board diversity;

- Identifying 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 their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

- To recommend to the board, all remuneration, in whatever form, payable to senior management.

4. PRESENT POSITION OF DIRECTORS AND KMP OF THE COMPANY

- The Company has constituted a Nomination and Remuneration Committee of the Board of Directors (Board).

- At present there are total 9 (Nine) directors on the Board of which 5 (Five) are Non-Executive and Independent and 4 (Four) are Executive Directors. Mr. Gautam S. Adani, Chairman and Mr. Rajesh S. Adani, Managing Director, Mr. Pranav Adani, Director and Mr. Vinay Prakash, Director draw remuneration from the Company.

- Key Managerial Personnel (KMP) consists of Chairman and Whole-time Director, Managing Director, and Chief Financial Officer (CFO) and Company Secretary who are employees.

5. TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE

a) 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 of the directors, key managerial personnel and other employees;
b) To formulate criteria for & mechanism of evaluation of Independent Directors and the Board of Directors;
c) To specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by

the Nomination and Remuneration Committee and / or by an independent external agency and review its implementation and compliance;

d) To devise a policy on diversity of Board of Directors;

e) To 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 their appointment and removal;

Clarification: For the purpose of Nomination & Remuneration Committee, Senior Management Personnel (SMP) shall mean:

- Key Managerial Personnel (as defined in the Companies Act, 2013); in case of appointment of Chief Financial Officer (CFO), the Committee shall identify person(s) and provide its recommendation to the Audit Committee as well as to the Board of Directors of the Company.
- Chief Executive Officer (CEO), in case if he / she is not part of the Board;
- SMP on the payroll of the Company and its material subsidiaries.
- Employee at one level below Managing Director (MD) / CEO (N-1) of the Company (if both positions are occupied at the same time, N-1 for both the positions shall be considered as SMP); and
- Head of Function / Departments.

Specific exclusions from SMP:

- Any employee reporting temporarily to the MD/CEO;
- Non-core team member reporting to MD/CEO, and
- Head of function or department reporting to another function/ department head already identified as SMP.

f) To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

g) To review and recommend remuneration of the Managing Director(s) / Whole-time Director(s) based on their performance;

h) To recommend to the Board, appointment of SMP and remuneration, in whatever form, payable to SMP;

i) To review, amend and approve all Human Resources related policies;

j) To ensure that the management has in place appropriate programs to achieve maximum leverage from leadership, employee engagement, change management, training & development, performance management and supporting system;

k) To oversee workplace safety goals, risks related to workforce and compensation practices;
l) To oversee employee diversity programs;
m) To oversee HR philosophy, people strategy and efficacy of HR practices including those for leadership development, rewards and recognition, talent management and succession planning (specifically for the Board, KMP and Senior Management);
n) To oversee familiarisation programme for Directors;
o) To recommend the appointment of one of the Independent Directors of the Company on the Board of its Material Subsidiary;
p) 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.

6. CRITERIA FOR DETERMINING THE FOLLOWING:-

- **Qualifications for appointment of Directors (including Independent Directors):**

  - Persons of eminence, standing and knowledge with significant achievements in business, professions and/or public service.

  - Their financial or business literacy/skills.

  - Their industry experience.

  - Appropriate other qualification/experience to meet the objectives of the Company.

  - Persons whose name is included in the data bank as per Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

The Nomination and Remuneration Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate/s.

- **Positive attributes of Directors (including Independent Directors):**

  - Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.

- Actively update their knowledge and skills with the latest developments in the industry, market conditions and applicable legal provisions.

- Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities.
- To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.

- Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.

- To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees.

- Independent Directors to meet the requirements of the Companies Act, 2013 read with the Rules made there under and SEBI Listing Regulations as amended from time to time.

➢ **For appointment of KMP/Senior Management:**

- To possess the required qualifications, experience, skills and expertise to effectively discharge their duties and responsibilities.

- To practice and encourage professionalism and transparent working environment.

- To build teams and carry the team members along for achieving the goals/objectives and corporate mission.

- To adhere strictly to code of conduct

7. POLICY RELATING TO REMUNERATION OF DIRECTORS, KMP AND SENIOR MANAGEMENT PERSONNEL:

- To ensure that the level and components of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and other employees of the quality required to run the Company successfully.

- No director / KMP/ other employee is involved in deciding his or her own remuneration.

- The trend prevalent in the similar industry, nature and size of business is kept in view and given due weightage to arrive at a competitive quantum of remuneration.

- It is to be ensured that relationship of remuneration to the performance is clear and meets appropriate performance benchmarks which are unambiguously laid down and communicated.

- Improved performance should be rewarded by increase in remuneration and suitable authority for value addition in future.

- Remuneration packages should strike a balance between fixed and incentive pay, where applicable, reflecting short and long term performance objectives appropriate to the Company's working and goals.

- Following criteria are also to be considered:

  - Responsibilities and duties;
  - Time and efforts devoted;
  - Value addition;
  - Profitability of the Company and growth of its business;
  - Analysing each and every position and skills for fixing the
  - remuneration yardstick;
  - Remuneration Policy of Adani Enterprises Limited
  - Standards for certain functions where there is a scarcity of qualified resources.
  - Ensuring tax efficient remuneration structures.
  - Ensuring that remuneration structure is simple and that the cost to the Company (CTC) is not shown inflated and the effective take home remuneration is not low.
  - Other criteria as may be applicable.
  - Consistent application of remuneration parameters across the organisation.

- Provisions of law with regard making payment of remuneration, as may be applicable, are complied.

- Whenever, there is any deviation from the Policy, the justification /reasons should also be indicated / disclosed adequately.

8. POLICY REVIEW

The policy shall be reviewed by the Nomination and Remuneration Committee and the Board, from time to time as may be necessary. Any subsequent amendment / modification in the SEBI Listing Regulations, Companies Act and/or applicable laws in this regard shall automatically apply to this Policy.

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