metro
BRANDS

Date: 1st April 2022

The Manager
Listing Department
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400001

Scrip code: 543426

The Manager
Listing Department
National Stock Exchange of India Limited,
"Exchange Plaza", 5th Floor, Plot No. C/1, G Block, Bandra – Kurla Complex, Bandra, Mumbai-400051.
Symbol: METROBRAND

Subject: Clarifications on recommendation of the agenda items in Postal Ballot Notice dated 7th March, 2022 of Metro Brands Limited

Dear Sir,

With reference to the Postal Ballot of the Company vide Postal Ballot Notice dated 7th March 2022 (copy available on Company website), the Company has proposed the following three (3) special resolutions:

1. **To approve the right to nominate directors by the Investor pursuant to Article 155 read with Article 157 of the Articles of Association of the Company**
2. **To approve the right to nominate directors by the Promoter & Promoter Group Shareholders pursuant to Article 156 of the Articles of Association of the Company**
3. **To ratify the Metro Brands Limited Employee Stock Option Plan, 2008 (ESOP Plan 2008)**

Advisory firms have given their recommendations for these resolutions in their report in the absence of relevant information related to the same. In this regard, we would like to clarify the following:

1. **For Resolution item nos. 1 and 2**

   At present, the Company has nine (9) directors on the Board comprising five (5) independent directors, one (1) Investor nominee director, one (1) whole time professional director and two (2) promoter directors. It is pertinent to note that more than 50% of the Board constitutes of Independent Directors.

   At present, there are no Directors nominated by the Promoters on the Board of the Company. The two Executive Directors viz., Mr. Rafique A. Malik, Chairperson and Ms. Farah Malik Bhanji, Managing Director are the Promoters of the Company. Mr. Rafique A. Malik has been holding the position of director in the Company since its inception and Ms. Farah Malik Bhanji has been

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director for more than 20 years. Both are highly qualified individuals and have contributed immensely to the growth of the Company. They continue to represent the Company and have only Company's interest in mind for any changes in its directorship in future.

Further note that as per the terms of appointment of Directors, the nominee director of Investor as well as Ms. Farah Malik Bhanji are liable to retire by rotation.

The Nomination, Compensation & Remuneration Committee (NRC) of our Company is empowered to identify persons who are qualified to become Directors in accordance with the criteria laid down under the provisions of Companies Act, 2013 read with SEBI LODR Regulations, 2015 and recommend the same to the Board. The Company adheres to the NRC Policy and terms and conditions for appointment of Independent Director and the same are uploaded on our website. Therefore, the role of NRC is nowhere undermined or the purpose of legislation is not defeated.

Also, the Promoters of the Company ensure good corporate governance in the Company and adhere to the law in both letter and spirit.

2. **For Resolution at item no. 3**

Employee Stock Option Plan, 2008 adopted by the Company clearly mentions that Exercise Price per Option is to be determined by the Board / NRC at the time of Grant, referencing the Fair Market Value, not being less than the face value of a share on the Grant Date.

ESOP plan 2008 was in place before the IPO of the Company and all details were fully disclosed in the IPO Prospectus. In accordance with ESOP Plan 2008, the maximum number of Options (and therefore Equity Shares) cannot exceed 53,00,000.

Out of 53,00,000 options reserved under ESOP plan 2008, 36,00,092 options have been granted as on date.

As required by the Exchanges at the time of submission for listing approval and as per SEBI (LODR) Regulations, 2015 and SEBI (SBEB) Regulations 2014, approval is sought from the existing shareholders, post the listing of securities on the Exchanges, for ratification of the Scheme in place to enable issue of ungranted ESOPs from the ESOP schemes.

For Options issued earlier, the exercise price of ESOPs was always fixed by NRC/ Board at a price at the time of grant, referencing the fair market value of the shares, on the basis of a valuation report by independent valuation experts. For any future grants, our NRC and the Board will take into account the market price of the shares and appropriate incentivisation levels, for fixing the exercise price for the options.

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Approval of Shareholders is being sought to ensure better retention of employees and to authorise the NRC/Board to approve the ratification to extend benefits depending on the market price of shares and appropriate incentivisation. As and when the Company will consider granting the ESOP, the same will be done keeping in mind the clear performance expectation goals from each employee.

We would like to mention to the Investors and Shareholders that the voting recommendations given by advisory firms are as per their internal guidelines and limited information. We would like Shareholders to consider the above-mentioned clarifications on the various agenda items while exercising their vote.

We request you to take the same on record.

Yours faithfully,
For Metro Brands Limited,

Deepa

METRO BRANDS LTD. MUMBAI

Deepa Sood
(Company Secretary & Compliance Officer)
Membership No: 16019

METRO BRANDS LIMITED

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ISO 9001: 2015 Company