

**MAHAAN FOODS LIMITED**  
**Nomination and Remuneration Policy**

## **1. Background**

- 1.1 The objective of Nomination and Remuneration Policy is to ensure rationale and objectivity in the remuneration of the Directors, Senior Management & employees of the Company. The Policy also intends to bring in a pragmatic methodology in screening of candidates who may be recommended to the position of Directors and to establish effective evaluation criteria to evaluate the performance of every Director and the overall Board of the Company.
- 1.2 The Policy also serves as a guiding principle to ensure good Corporate Governance as well as to provide sustainability to the Board of Directors of the Company.

## **2. Framework**

- 2.1 The requirement of formulating a Nomination and Remuneration Policy stems out from the provisions of the Companies Act, 2013, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.
- 2.2 Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 contains provisions for constitution of Nomination and Remuneration Committee by the Listed Company.

## **3. Objective**

- 3.1 To identify suitable persons, interview them, if necessary, and recommend them as suitable candidates to fill up vacancies on the Board or augment the Board and Senior Management.
- 3.2 To develop a policy to ensure the optimum composition of the Board of Directors ensuring a mix of knowledge, experience and expertise from diversified fields of knowledge i.e. Policy on Board Diversity. The Policy also intends to add professionalism and objectivity in the process of deciding Board membership.
- 3.3 To lay down criteria for the evaluation of the Board.
- 3.4 To formulate a criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a Policy thereon.

3.5 To formulate criteria for evaluation of Directors.

**4. Eligibility Criteria for recommending a candidate to be appointed on the Board of Directors.**

The Nomination and Remuneration Committee may consider the following parameters while considering the credentials of potential candidates for Directorship in the Company.

**4.1 Educational Qualification:**

- Possess any Graduation/ Post Graduation/ M. Phil / Doctorate Degree
- Possess any other Professional Qualification / Degree/ Diploma

**4.2 Experience / Expertise**

- To possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, media, research, corporate governance, technical operations or other disciplines related to the Company's business.
- The candidate should preferably have undergone requisite training programme or mid - career Professional Development trainings which would have enabled him/her to adapt to changing dynamics of business environment.

**4.3 Disqualifications**

- The Candidate should not be of unsound mind.
- The Candidate should not be an undischarged insolvent.
- The Candidate must not have applied to be adjudicated as an insolvent and his application must not be pending.
- The Candidate must not have been convicted by a Court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six (6) months.
- There must not be any order passed by Court or Tribunal disqualifying a person to be appointed as a Director.

- There should not be any calls in respect of any shares of the Company held by him, whether alone or jointly with others, and six months must not have elapsed from the last date fixed for the payment of the call.
- The Candidate must not have been convicted of the offence dealing with related party transactions under Section 188 of the Companies Act, 2013 at any time during the last preceding five (5) years.
- The Candidate must be holding his Director Identification Number (DIN).
- The Candidate is not or has not been a Director of a Company which has not filed Financial Statements or Annual Returns for any continuous three (3) financial years.
- The Candidate is not or has not been a Director of the Company which has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more.
- The Candidate should not have been found guilty of any offence consisting of violation of Rules/ Regulations/ Legislative requirements by Customs/ Excise/ Income Tax Authority/ Foreign Exchange/ Other Revenue Authorities.
- Balance the legitimate interests and concerns of all of the Company's shareholders and other stakeholders in reaching decisions, rather than advancing the interests of a particular constituency.
- The Nomination and Remuneration Committee must satisfy itself that the candidate will be able to devote sufficient time and energy to the performance of his or her duties as a Director.

#### **4.4 Other Eligibility Criteria**

- Each director must be an individual of high personal and professional integrity and ethical character.
- The candidate should have exhibited behavior that indicates he or she is committed to the highest ethical standards.
- The candidate should not deprive the Company of any opportunity that belongs to the Company.
- He should not be in a position of diverting the corporate opportunity for own benefits or to others, to the detriment of the Company.

- The candidate must not at any time compete with the company in respect of any business transaction.
- Each director must possess the ability to exercise sound business judgment on a broad range of issues.
- The candidate has preferably had business, governmental, non-profit or professional experience at the Chairman, Chief Executive Officer, Chief Operating Officer or equivalent policy-making and operational level of a large organization that indicates that the candidate will be able to make a meaningful and immediate contribution to the Board's discussion and decision-making on the array of complex issues facing a large financial services business.
- The candidate has achieved prominence in his or her business, governmental or professional activities, and has built a reputation that demonstrates the ability to make the kind of important and sensitive judgments that the Board is called upon to make.
- The Nomination and Remuneration Committee must be satisfied that the candidate will effectively, consistently and appropriately take into account and balance the legitimate interests and concerns of all of the Company's shareholders and other stakeholders in reaching decisions, rather than advancing the interests of a particular constituency.
- The Nomination and Remuneration Committee must satisfy itself that the candidate will be able to devote sufficient time and energy to the performance of his or her duties as a Director.

#### **4.5 Fit and Proper Criteria**

The Nomination and Remuneration Committee shall undertake a process of Due Diligence based on the criteria of qualifications, technical expertise, track record, integrity, etc. The basic objective of ascertaining the fit and proper criteria shall be to put in place an internal supervisory process on a continuing basis and to determine the suitability of the person for appointment / continuing to hold appointment as a Director on the Board of the Company.

#### **4.6 Criteria For Independence – For Directors to be appointed as Independent Director on Board of the Company**

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) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;  
(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- (c) who has or had no pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten per cent. of his total 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;
- (d) none of whose relatives-
  - (i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year:  
  
Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;
  - (ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed 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 or associate company or their promoters, or directors of such holding company,

for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or

(iv) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);

(e) 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 or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years

(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—

(A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

(B) 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; or

(iv) is a Chief Executive or director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company; or

(v) is a material supplier, service provider or customer or a lessor or lessee of the listed entity;

(f) who is not less than 21 years of age;

(g) who possesses such other qualifications as may be prescribed.

***Explanation - "nominee director" means a director nominated by any financial institution in pursuance of the provisions of any law for the time being in force, or of any agreement, or appointed by any Government or any other person to represent its interests.***

## **5. Remuneration Policy**

### **I. Board Level Remuneration Structure**

1. **For Executive Directors (MD and Whole-Time Director)** - The remuneration will be paid as approved from time to time subject to the approval of the Board and Shareholders, as the case may be, and as per the applicable provisions of Companies Act, 2013 and under any other Act/ Rules/ Regulations for the time being in force.

2. **In case of Non-Executive / Independent Directors**

(i) **Sitting Fees** - The Non-Executive/Independent Directors shall be paid sitting fees for attending each meeting of the Board and various Committee/s of Directors. The Sitting Fees may be determined/ revised by the Board of Directors from time to time subject to the overall limits as prescribed under the applicable provisions of the Companies Act, 2013.

Presently, Sitting Fees for the Non-Executive/Independent Director is Rs.5000/- for attending each Meeting of the Board and various Committee/s of Directors.

### **II. In case of Key Managerial Personnel and other Employees –**

The remuneration to Key Managerial Personnel and other employees shall be as per this Remuneration Policy and as may be decided by the Managing Director of the Company.



## **6. Monitoring and Evaluation**

The Nomination and Remuneration Committee shall evaluate the performance of the Directors and the overall Board broadly on the basis of below mentioned criteria:

- Whether the Directors / Board have acted in accordance with the provisions of the Articles of Association of the Company.
- The Committee shall assemble all information regarding a candidate's background and qualifications to determine if the candidate possesses or satisfies the minimum skills and qualifications that a director must possess.
- The Committee shall evaluate a candidate's mix of skills and qualifications and determine the contribution the candidate could be expected to make to the overall functioning of the Board.
- The Committee shall give due consideration to the overall Board balance of diversity of perspectives, backgrounds and experiences.
- With respect to current directors, the Committee shall consider past attendance at meetings and assess the participation in and contributions to the activities of the Board.
- Whether the Directors / Board have acted in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company, its employees, the shareholders, the Community and for the protection of environment.
- Whether the Director / Board has exercised their duties with due and reasonable care, skill and diligence and whether the Director / Board have exercised independent judgment.
- Whether the Director / Board have involved in a situation in which he / they may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
- The Committee shall recommend director to the Board based on its assessment of overall suitability to serve on the Board in accordance with this Policy.

## **7. Board Diversity**

- The Nomination and remuneration Committee shall ensure that the Board comprises of Directors from diversified fields of knowledge and experience.
- The Board should have Directors who can add professionalism and objectivity in the decision making process.

- The overall Board should reflect representatives from areas like finance, law, media, accountancy, economics, administration and other disciplines concerning the operational interests of the Company at large.

## **8. Senior Management and Personnel**

To ensure operational efficiency in the Company the power to appoint and remove any senior Management Personnel shall be vested with the Managing Director of the Company. Any such appointment and removal made shall be placed for ratification before the Nomination & Remuneration Committee of the Company.