

MAHAAN FOODS Limited
Nomination and Remuneration
Policy

INDEX

S. No.	Particulars	Page No.
1.	Background	3
2.	Framework	4
3.	Objective	5
4.	Eligibility Criteria for Directors and the Board	6 - 9
5	Remuneration Policy	10
6	Monitoring and Evaluation of Directors and the Board	11
7	Board Diversity	12
8	Senior Management Personnel	13
9	Annexures	14-16

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 Any other Law and Statute as may be applicable for the time being in force.

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. The Candidate at the time of appointment and at the time of the renewal of Directorship/re-appointment shall fill in such form as approved by the Nomination and Remuneration Committee to enable the Committee to undertake such exercise of ensuring the '**Fit and Proper Criteria**'.

The Committee shall undertake such Due Diligence exercise at the time of appointment as well as the time of renewal/re-appointment of the Directorships of the incumbent. The indicative criteria for determining the '**fit and proper**' criteria forms part of the Policy and is annexed as **Annexure – I**.

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,—

- who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- (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;
- who has or had no pecuniary relationship 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 has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- (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;
 - (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
- (f) who possesses such other qualifications as may be prescribed.

Explanation.—For the purposes of this section, “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. 50,000/- for attending each Meeting of the Board and various Committee/s of Directors.

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

1. The pay structure of all the regular employees shall be as per the pay scale which is in force and is in conformity with the Majithia Wage Board recommendations as upheld by the Supreme Court including any amendment thereto from time to time.

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.

Annexure – I – Criteria for determination of 'Fit and Proper Criteria'

Name of Company: Mahaan Foods Limited

Declaration and Undertaking**I. Personal details of the Candidate / Director**

a	Full name	
b	Date of Birth	
c	Educational Qualifications	
d	Relevant Background and Experience	
e	Permanent Address	
f	Present Address	
g	E-mail Address / Telephone Number	
h	Permanent Account Number under the Income Tax Act	
i	Relevant knowledge and experience	
j	Any other information relevant to Directorship of the Company.	

II. Relevant Relationships of Candidate / Director

a	List of Relatives if any who are connected with the Company (w.r.t. the Companies Act, 2013)	
b	List of entities, if any, in which he/she is considered as being interested [w.r.t. Section 184 of the Companies Act, 2013]	

c	List of entities in which he/she is considered as holding substantial interest within the meaning of the Companies Act, 2013.	
d	Names of other Companies in which he/she is or has been a member of the board during the last 3 years (giving details of period during which such office was held)	
e	Cases, if any, where the Candidate / Director or entities listed in II (b) and (c) above are in default or have been in default at any time in the last five (5) years in respect of loan/credit facilities obtained from Bank/financial institution	

III. Records of professional achievements

a	Relevant Professional achievements	
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IV. Proceedings, if any, against the Candidate / Director

a	If the person is a member of a professional association / body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him/her or whether he/she has been banned from entry of at any profession /occupation at any time.	
b	Details of prosecution, if any, pending or commenced or resulting in conviction in the past against the person and/or against any of the entities listed in II (b) and (c) above for violation of economic laws and regulations	

c	Details of criminal prosecution, if any, pending or commenced or resulting in conviction in the last five (5) years against the person	
d	Whether the person attracts any of the disqualifications envisaged under Section 164 of the Companies Act 2013?	
e	Has the person or any of the entities at II (b) and (c) above been subject to any investigation at the instance of Government department or agency?	
f	Has the person at any time been found guilty of violation of rules / regulations / legislative requirements by customs/ excise /income tax /foreign exchange /other revenue authorities, if so give particulars	
g	Whether the person at any time come to the adverse notice of a regulator such as SEBI, RBI, IRDA, MCA, etc.	

V. Any other explanation / information in regard to items I to III and other information considered relevant for judging fit and proper.

Undertaking

1. I confirm that the above information is to the best of my knowledge and belief true and complete. I undertake to keep the Company fully informed, as soon as possible, of all events which take place subsequent to my appointment which are relevant to the information provided above.

Place:

Signature

Date :

VI. Remarks of Nomination Committee

Place :

Signature

Date: