



**HINDUSTAN FOODS LIMITED**

**NOMINATION,  
REMUNERATION AND  
EVALUATION POLICY**



**HINDUSTAN FOODS LIMITED**

## **1. PREAMBLE**

Pursuant to Section 178 of Companies Act, 2013 and the rules framed thereunder (as amended from time to time) (“the Act”) and Regulation 19 of Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended from time to time) (“Listing Regulations”) require the Nomination and Remuneration Committee of a Company (“NRC”) to recommend to the Board of Directors a policy, relating to the appointment, removal and remuneration of the directors, key managerial personnel & other employees and lay down the evaluation criteria for Performance Evaluation of Board, its Committees and Individual Directors. Further, the Board of Directors is responsible for monitoring and reviewing of the Board Evaluation framework.

## **2. OBJECTIVE**

In order to comply with the requirements of Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations and any other applicable provisions, the Nomination and Remuneration Committee of the Board of Directors of the Company (the “Committee”) had formulated this policy (the “Policy”).

The Objectives of the Policy are as follows:

- a) To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive / Non-Executive) and recommend to the Board of Directors of the Company (the “Board”), policies relating to the remuneration (payable in whatever form) of the Directors, Key Managerial Personnel and other employees.
- b) To formulate criteria for evaluation of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- c) To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company’s operations.
- d) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- e) To devise a Policy on Board Diversity.
- f) To develop a succession plan for the Board and to regularly review the plan.



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- g) To determine whether to extend or continue the term of appointment of the Independent Director(s), on the basis of the report of performance evaluation of Independent Directors.

**3. DEFINITION**

- a) **“Act”** means Companies Act, 2013 and the Rules framed thereunder as amended from time to time.
- b) **“Board”** means Board of Directors of the Company
- c) **“Company”** means HINDUSTAN FOODS LIMITED
- d) **“Directors”** shall mean Directors of the Company
- e) **“Key Managerial Personnel”** or **“KMP”** means:  
in relation to a Company as defined in sub-section 51 of Section 2 of the Companies Act, 2013, means and includes:
- (i) the Chief Executive Officer or the Managing Director or Manager;
  - (ii) the Company Secretary;
  - (iii) the Whole-Time Director;
  - (iv) the Chief Financial Officer;
  - (v) **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
  - (vi) such other officer as may be prescribed
- f) **“Senior Management”** shall mean officers/personnel of the listed entity who are **Members of its core management excluding Board of Directors and normally this shall comprise all Members of management one level below the Chief Executive/Managing Director/Whole-Time Director/Manager (including Chief Executive Officer/Manager, in case they are not part of the Board) and shall specifically include Company Secretary and Chief Financial Officer.**
- g) **“Independent Director”** means a Director referred to in Section 149(6) of the Act.

**4. APPOINTMENT AND REMOVAL OF DIRECTORS, KMP’s AND SENIOR MANAGEMENT**

- a) Appointment criteria and qualifications:

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or Senior Management and recommend to the Board his/her appointment.



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- A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has the discretion to decide whether qualifications, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position.
- The Company shall not recommend or appoint or continue the employment of any person as the Managing Director, Whole-Time Director or Manager within the meaning of the Act, who has attained the age of 70 (seventy) years. Provided that the appointment of such person who has attained the age of 70 (seventy) years shall be made with the approval of the Shareholders by passing a special resolution, based on the explanatory statement annexed to the notice for the Meeting of the Shareholders for such motion indicating the justification for appointment or extension of appointment beyond the age of 70 (seventy) years.

### b) Term/ Tenure:

- The term of appointment of Directors shall be governed by the provisions of the applicable laws.
- The term of the KMP (other than the MD & CEO) and Senior Management Personnel shall be governed by the prevailing policies of the Company.
- The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding 5 (five) years at a time. No re-appointment shall be made earlier than 1 (one) year before the expiry of term.

### c) Independent Director

- An Independent Director shall hold office for a term up to 5 (five) consecutive years on the Board and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's Report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of 3 (three) years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of 3 (three) years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- At the time of appointment of Independent Director(s) it should be ensured that number of Boards on which such Independent Director serves is restricted to 7 (seven) listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act or the SEBI Listing Regulations.



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d) Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable law, rules and regulations, thereunder, the Committee may recommend, to the Board with reasons to be recorded in writing, removal of a Director, KMP or Senior Management, subject to the provisions and compliance of the said Act, such other applicable law, rules and regulations.

e) Retirement

The Directors, KMP and Senior Management 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, KMP, Senior Management in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**5. POLICY RELATING TO REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT:**

- The remuneration/ compensation/ commission, etc., to the Whole-time Director, KMP and Senior Management will be determined by the Committee and recommended to the Board for approval. The remuneration/ compensation/ commission, etc. shall be subject to the prior/ post approval of the Shareholders of the Company and of the Central Government, whenever required.
- The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage/ slabs/ conditions laid down as per the provisions of the Act.
- Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director or as laid down as per the provisions of the Act.

a) Remuneration to Whole-time/ Executive/ Managing Director, KMP and Senior Management:

- The Whole-time/ Executive/ Managing Director KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Nomination & Remuneration Committee. The breakup of the pay scale and quantum of perquisites including but not limited to employer's contribution to Provident Fund (PF), Superannuation Fund, Pension Scheme, medical expenses, club fees. Leave travel allowance, etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the Shareholders and Central Government, wherever required.



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- If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time / Executive / Managing Director in accordance with the provisions of Section 197 of the Act and Schedule V to the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.
- If any Whole-time / Executive / Managing Director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

### b) Remuneration to Non-Executive/ Independent Director:

#### (i) **Remuneration/ Commission:**

The Remuneration/ Commission shall be in accordance with the statutory provisions of the Act and the Rules made thereunder for the time being in force.

#### (ii) **Sitting Fees:**

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of the Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Act, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

#### (iii) **Limit of Remuneration/ Commission**

Remuneration/ Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

#### (iv) **Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company.

## 7. MEMBERSHIP

- a) The Committee shall comprise of at least 3 (Three) Directors, all of whom shall be non-executive Directors and at least half shall be Independent Directors.



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- b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Act and the SEBI Listing Regulations.
- c) The quorum for the Meeting of the Nomination & Remuneration Committee shall either be two members or one third of the total strength of the Committee, whichever is higher (including at least one independent director in attendance).
- d) Membership of the Committee shall be disclosed in the Annual Report.
- e) Term of the Committee shall be continued unless terminated by the Board of Directors.

### 8. CHAIRPERSON

- a) The Chairperson of the Committee shall be an Independent Director.
- b) Chairperson of the Company may be appointed as a Member of the Committee but shall not be a Chairman of the Committee.
- c) In the absence of the Chairperson, the Members of the Committee present at the Meeting shall choose one amongst them to act as Chairperson.
- d) Chairman of the Nomination & Remuneration Committee could be present at the annual general meeting or may nominate some other member to answer the shareholders' queries.

### 9. COMMITTEE MEMBERS' INTERESTS

- a) A Member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

### 10. DUTIES OF NOMINATION & REMUNERATION COMMITTEE

#### Duties with respect to Nomination:

The duties of the Committee in relation to nomination matters include:

- Ensuring that there is an appropriate induction in place for new Directors and Members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Independent Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;



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- Identifying and recommending Directors who are to be put forward for retirement by rotation.
- Determining the appropriate size, diversity and composition of the Board;
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board; and
- Considering any other matters, as may be requested by the Board.

### Duties with respect to Remuneration:

The duties of the Committee in relation to remuneration matters include:

- To consider and determine the remuneration policy, based on the performance and also bearing in mind that remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the Members of the Board.
- To recommend and approve the remuneration of the Senior Management including Key Managerial Personnel of the Company maintaining a balance between fixed and variable pay reflecting short and long term performance objectives appropriate to the working of the Company.
- To delegate any of the its powers to one or more of its Members
- To consider any other matters as may be requested by the Board.

## 11. BOARD EVALUATION

The Board is committed to assessing the performance of the Board in order to identify its strengths and areas in which it may improve its functioning. Towards this end, the NRC shall establish the criteria and processes for evaluation of performance of Individual Directors, Chairperson of the Board, the Board as a whole and the Committees of the Board and recommend the same to the Board. The evaluation of the Independent Director shall also include evaluation of the fulfilment of the independence criteria as specified under the applicable laws and their Independence from the Management.





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The Board is responsible for:

- a) Monitoring and reviewing of the Board Evaluation Framework
- b) Carrying out evaluation of the performance of the Board, its Committees and individual directors, wherein the director subject to evaluation shall not participate; and
- c) Evaluating the fulfilment of independence criteria of the Independent Directors as per the applicable laws and review their independence from the Management.

The appointment/ re-appointment/ continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process.

Meeting of Independent Directors:

The Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of Non- independent Directors and Members of the Management.<sup>4</sup>

Such Meeting shall:

- a) Review the performance of Non-Independent Directors and the Board as a whole;
- b) Review the performance of the Chairperson of the Company, taking into account the views of the Executive Director(s) and Non-executive Director(s);
- c) Assess the quality, quantity and timeliness of flow of information between the Company management and the Board to effectively and reasonably perform their duties.
- d) Discuss such other matters as the Independent Directors may deem fit;

The Independent Directors may call such meeting(s) at any point of time as desired.

## **12. EVALUATION OF THE PERFORMANCE**

The Committee shall evaluate the performance of each Director of the Company under the Nomination and Remuneration Policy of the Company framed in accordance with the provisions of Section 178 of the Companies Act, 2013 and based on their functions as mentioned in the Code of Conduct of Directors.

Evaluation of Independent Director shall be carried on by the entire Board in the same way as it is done for the Executive Directors of the Company except the Independent Director who is being evaluated.

Based on the performance evaluation of each and every Director and the Chairman of the Company, the Committee shall provide the ratings based on each criteria and sub-criteria.



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### **13. EFFECTIVENESS OF THE BOARD**

Based on the ratings given by the Committee to each Director, the overall effectiveness of the Board shall be measured and accordingly the Board shall decide the Appointments, Re-appointments and Removal of the non-performing Directors of the Company.

### **14. PROCEDURE TO RATE THE PERFORMANCE**

Based on the evaluation criteria, the Committee and the Board shall rate the performance of the each and every Director. Based on the above rating, the Board can decide the strategy to extend or to continue the term of the appointment or to introduce new candidate as a Member of the Board or Retirement of the Member based on his/her performance rating as to create and maintain the most effective and powerful top level management of the Company for its future growth, expansion, diversification and also to maximize the returns on investments to the stakeholders of the Company.

### **15. DEVIATIONS FROM THIS POLICY**

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

### **16. AMENDMENT**

Any change in the Policy shall be approved by the Board of Directors. The Board of Directors or any of its authorized Committees shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board or its Committee in this respect shall be final and binding. Any subsequent amendment / modification in the Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.