NOMINATION AND REMUNERATION POLICY

HERITAGE NOVANDIE FOODS LIMITED
(Formerly known as Heritage Novandie Foods Private Limited)
CIN: U74999TG2017PLC120860
Part-C of 3rd Floor, H.No.8-2-293/82/A/1286, Plot No: 1286,
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1. Purpose of this Policy:

Heritage Novandie Foods Limited ("HNFL" or the "Company") has formulated this Policy on appointment and remuneration of the Directors, Key Managerial Personnel and Senior Management (the "Policy") as required by the provisions of Section 178 of the Companies Act, 2013 (the "Act") read along with the applicable rules thereto as amended from time to time.

The purpose of this Policy is to establish and govern the procedure applicable:

a) To identify persons who are qualified to become directors and who may be appointed in senior management as per laid down criteria and recommend to the Board for their appointment and removal
b) To evaluate the performance of the Board.
c) To ensure remuneration to Directors, KMP 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.
d) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

The Committee/Board should 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 and the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

2. Definitions:

'Act' means the Companies Act, 2013;

'Board' means the Board of Directors of **Heritage Novandie Foods Limited** (HNFL);

'Committee' means the Nomination and Remuneration Committee of the Company, constituted and re-constituted by the Board from time to time;

'Company' means **Heritage Novandie Foods Limited;**

'Directors' means the directors of the Company;

'Independent Director' means a director referred to in Section 149(6) of the Act, as amended from time to time;

'Key Managerial Personnel' (the "KMP") shall mean "Key Managerial Personnel" as defined in Section 2(51) of the Act;

'Nomination and Remuneration Committee', by whatever name called, shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act;

'Other employees' means all the employees other than the Directors, KMPs and the Senior Management Personnel;

'Remuneration' means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;

'Senior Management' means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the Executive Directors, including all functional heads as defined in the Companies Act, 2013.

Words and expressions used and not defined in this Policy, but defined in the Act or any rules framed under the Act and Rules framed thereunder or shall have the meanings assigned to them in these regulations.

3. Composition of the Committee:

The composition of the Committee is / shall be in compliance with the Act and Rules made there under, as amended from time to time.

4. Role of the Committee:

The Committee shall:

a) Formulate the criteria for determining qualifications, positive attributes and independence of a Director ;

b) Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this Policy;

c) Lay down the evaluation criteria for performance evaluation of Independent Director and the Board;

d) Recommend to the Board, for appointment, remuneration and removal of Director, KMP and Senior Management;

e) To devise a Policy on Board diversity;

f) 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;

g) Recommend to the board, all remuneration, in whatever form, payable to Directors, Key Managerial Personnel and other employees two level below the Board including the functional heads.

5. Appointment and removal of Director, KMP and Senior Management:

5.1. Appointment criteria and qualification:

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director in terms of Diversity Policy of the Board and recommend to the Board his / her appointment.

For the appointment of KMP [other than Vice Chairperson & Managing Director (VCMD)/Executive Director (ED) /Whole-time Director (WTD)] or Senior Management, a person should possess adequate qualification, expertise and experience for the position he / she is considered for the appointment. Further, for administrative convenience, the appointment of KMP (other than VCMD/ED/WTD) or Senior Management, the VCMD is authorized to identify and appoint a suitable person for such position. However, if the need be, the VCMD may consult the Committee / Board for further directions / guidance.

The Company shall appoint a person or continue the directorship of any person as a Non-Executive Director/Whole-time Director /Executive Director as per the Companies Act, 2013 as amended from time to time.

5.2. Familiarization Programme for Independent Directors

As required by the provisions of Schedule IV to the Act, the Company is required to develop a Familiarization Programme for the Independent Directors of the Company.

The Company will impart Familiarization Programmes for new Independent Directors inducted on the Board of the Company.

The Company has put in place a system to familiarize the Independent Directors about the Company, its products, business and the on-going events relating to the Company.

Independent Directors of the Company are made aware of their role, responsibilities and liabilities at the time of their appointment/re-appointment, through a formal letter of appointment, which also stipulates various terms and conditions of their engagement. They are also made aware of Company's Board and Board Committee framework, policies and procedures.

As part of board discussions, presentations on business units are made to the directors from time-to time.

Important stock exchange announcements and press releases for various news related to the Company are also forwarded to the directors from time-to-time.

Factory visits are arranged for independent directors from time-to-time for better understanding of the Company's business.

Each member of the board, including the independent directors, have been given complete access to any information relating to the Company, whenever they so request.

Thus, all efforts are made to ensure that the Directors stay updated on the state of the Company's affairs and the industry in which it operates.

5.3. Term:

The Term of the Directors including MD/ED/WTD/Independent Director shall be governed as per the provisions of the Companies Act, 2013, and Rules made there under, as amended from time to time, Whereas the term of the KMP (other than the MD/ED/WTD) and Senior Management shall be governed by the prevailing HR policies of the Company.

5.4. Evaluation:

The Committee shall specify the manner to carry out the evaluation of performance of the Board, its committees and individual directors.

The Committee shall identify evaluation criteria which will evaluate Directors based on knowledge to perform the role, time and level of participation, performance of duties, level of oversight, professional conduct and independence. The appointment / re-appointment / continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process.

Framework for performance evaluation of Independent Directors and the Board is as per *Annexure A* to this Policy.

The Committee shall approve the salary/revision of salary, bonus and increment of the Board Members and other Functional Heads of the Company on annual basis.

The Committee shall take in to consideration of the skill, experience, responsibility and performance of the said personnel of the company while deciding the annual increment, promotions and any other benefits.

5.5. <u>Separate Meeting of Independent Directors</u>

As required by the provisions of Schedule IV to the Act, 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.

The 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 Executive Directors and Non-executive Directors;

(c) assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

This meeting could be held prior or after the Board Meeting. The Independent Directors are free to call such meeting at any point of time, as desired.

5.6. Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules made thereunder and / or for any disciplinary reasons and subject to such applicable Acts, Rules and the Company's prevailing HR policies, the Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director, KMP or Senior Management.

6. Remuneration:

The level and composition of remuneration to be paid to the MD/ED/WTD, KMPs, Senior Management Personnel and other employees shall be reasonable and sufficient to attract, retain and motivate directors, KMPs, Senior Management and other employees of the company. The relationship of remuneration to performance should be clear and should encourage meeting of appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive / performance related pay reflecting achievement of short and long-term performance objectives appropriate to the working of the company and meeting its goals.

6.1 MD/ WTD/ED

Besides the above Criteria, the Remuneration/ Compensation/ Commission etc. to be paid to MD/WTD/ED shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force as also by Company policy.

6.2 Non-Executive Directors/ Independent Directors

The Non-Executive / Independent Directors may receive sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of fees shall be such as determined by the Board of Directors / Shareholders from time to time with in the celling set under the Companies Act, 2013.

An Independent Director shall not be entitled to any stock option of the Company unless otherwise permitted in terms of the Companies Act, 2013 and, as amended from time to time.

In addition to the sitting fees, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/her role as a Director of the Company. This could include reasonable expenditure incurred by the Director for attending Board/Board committee meetings, general meetings, court convened meetings, meetings with shareholders/creditors/ management, site visits and induction and training organized by the Company for Directors.

6.3 Senior Management Personnel / KMPs

The Remuneration to be paid to Senior Management Personnel / KMPs shall be based on the remuneration policy of the Company and the experience, qualification and expertise of the related personnel and shall be decided by the VCMD/ ED (for KMPs other than those who are at the WTD / Board level) of the Company as per the internal process in consonance with the limits, if any, prescribed under the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

6.4 Other Employees

The power to decide structure of remuneration for other employees has been designed in the Remuneration policy and implementation of the same is to be ensured by MD/ ED of the Company or any other personnel that the MD / ED may deem fit to delegate.

7. Disclosure of this Policy:

This Nomination & Remuneration policy shall be policy shall be placed on the website of the company and the salient features of the policy along with changes therein, if any, and the web address of the policy shall be disclosed in the Board's report every year.

8. Review and Amendment:

The Committee may assess the adequacy of this Policy and make any necessary or desirable amendments from time to time to ensure it remains consistent with the Board's objectives, current laws and best practices.

9. Scope and Limitation:

In the event of any conflict between the provisions of this Policy and the Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

Annexure-A

Framework for performance evaluation of Independent Directors and the Board

The Nomination and Remuneration Committee (the "Committee") shall lay down the evaluation criteria for performance evaluation of Independent Directors and the Board.

The Board is committed to assessing its own performance as a Board in order to identify its strengths and areas in which it may improve its functioning. To that end, the Committee shall establish the following processes for evaluation of performance of Independent Director and the Board:

2. Once a year, the Board will conduct a self-evaluation. It is the responsibility of the Chairman of the Board, supported by the Company Secretary of the Company, to organize the evaluation process and act on its outcome:

3. The Committee shall formulate evaluation criteria for the Board and the Independent Directors which shall be broadly based on:

   Part-1: Board Self Evaluation form,

   Part-2: Committee Evaluation form

   Part-3: Chairperson Assessment form &

   Part-4: Individual Director Assessment form

4. The Directors shall be asked to complete the evaluation forms and submit the same to the Chairman.

5. In terms of Section 134 of the Act, the Directors' Report should include a statement indicating a manner in which the Board has done formal annual evaluation of its own performance, performance of Committees and individual Directors of the Company.

Performance Evaluation of Independent Directors

The Nomination and Remuneration Committee of the Board shall lay down evaluation criteria for performance evaluation of the Board.

Sl. No	EVALUATION FACTOR	RATINGS 1	2	3	4	5	Comments
Part-1: BOARD SELF EVALUATION FORM							
I	**Board and Strategy Effectiveness:** **The Board…**						
1	Has developed a strategic plan and is planning adequately for the future.						
2	Evaluates the strategic plan periodically to assess the Company performance, considers new opportunities and responds to unanticipated external developments.						
3	Focuses its attention on long-term policy issues rather than short-term administrative matters.						
4	Discusses thoroughly the annual budget of the Company and its implications before approving it.						
II	**Board Structure and Committees**						
1	The Company has an appropriate board size and structure.						
2	The Board currently contains a sufficient range of expertise to make it an effective governing body.						
3	The composition of the board complies with the provisions of the Companies' Act, 2013, and rules made thereof						
4	The board has the proper number of committees as required by legislation and guidelines, with well defined terms of reference and reporting requirements.						
5	The Audit Committee and Nomination & Remuneration Committee are appropriately constituted.						

Sl. No	EVALUATION FACTOR	RATINGS					Comments
		1	2	3	4	5	
III	**Board/Committee Meetings and Procedures**						
1	The number of Board/Committee meetings during the year is adequate.						
2	Board/Committee members receive accurate minutes, written agendas and meeting notices; and relevant material to prepare in advance of meetings.						
3	Non-committee members are kept informed as to various board committee actions.						
4	All proceedings and resolutions of the board/committee are recorded accurately, adequately and on a timely basis.						
5	Board/committee meetings are conducted in a manner that encourages open communication and meaningful participation.						
6	Sufficient time is provided during board/committee meetings for thoughtful discussion in addition to management dialogue.						
7	All board decisions, other than those that have been delegated to the committee(s), are made in the board room.						
IV	**Board and Management Relations:** **The Board…**						
1	Sets the overall tone and direction of the Company and establishes guidelines on the nature and amount of risk the Company may take.						
2	Has approved comprehensive policies and procedures for all material activities and risks in the Company.						
3	Has a range of appropriate performance						

Sl. No	EVALUATION FACTOR	RATINGS					Comments
		1	2	3	4	5	
	indicators that are used to monitor the performance of management.						
4	Is well informed on all issues (short and long-term) faced by the Company.						
5	Ensures that information adequately flows between the Board and management on ongoing basis.						
V	**Succession Planning and Training**						
1	The Company induction and on-going training program assist board members in the execution of their duties.						
2	The board has a succession plan for the Chairperson and the Chief Executive Officer / Managing Director.						
3	The board has effective mechanisms that allow for taking corrective action against staff and management.						
Part-2: COMMITTEE EVALUATION FORM							
I	**Mandate and composition:**						
1	The mandate, composition and working procedures of committees of the board of directors is clearly defined and disclosed.						
II	**Effectiveness of the Committee:**						
1	The Committee has fulfilled its functions as assigned by the Board and laws as may be applicable (For different Committees, different functions may be laid out as sub-criteria for evaluation).						
III	**Structure of the Committee and meetings:**						
1	The Committees have been structure properly and regular meetings are being held.						
2	In terms of discussions, agenda, etc. of the meetings, similar criteria may be laid down as specified above for the entire Board.						
IV	**Independence of the Committee from the Board:**						
1	Adequate independence of the Committee is ensured from the Board.						

V	**Contribution to decisions of the Board::**						
1	The Committee's recommendations contribute effectively to decisions of the Board.						
Part-3: CHAIRPERSON ASSESSMENT FORM							
I	**Managing Relationship:** **The Chairperson...**						
1	Actively manages shareholder, board, management and employee relationships and interests.						
2	Meets with potential providers of equity and debt capital.						
3	Manages shareholder meetings effectively and promotes a sense of participation in all shareholders and promotes shareholder confidence in the Board.						
II	**Leadership:** **The Chairperson...**						
1	Is an effective leader.						
2	Promotes effective participation of all board members in the decision making process.						
3	Takes action to correct deficiencies noted.						
4	Promotes the image of the Company.						
5	Is involved in determining board information packages.						
6	Promotes continuing training and development of directors.						
Part-4: INDIVIDUAL DIRECTOR ASSESSMENT FORM							
I	**Corporate Governance:** **The Director...**						
1	Has ability to remain focused at a governance level in board meetings.						
2	Contributes to the strategic planning process.						
3	Understands governance, regulatory, legal, financial, fiduciary and ethical requirements of the board.						
4	Adheres to high standards of personal integrity and gives high priority to ethical standards.						
5	Practices confidentiality.						
II	**Commitment and Competence:**						

	The Director…						
1	Adds good value to the Company.						
2	Has ability to see the implications of broad organizational issues.						
3	Keeps abreast with latest developments in the sector.						
4	Has adequate knowledge of the Company key activities, financial condition and key Developments.						
5	Communicates convincingly yet diplomatically.						
6	Contributes to board deliberations or committee work.						
7	Comes prepared for meetings.						

Rating Scale: 1. Strong, 2. Satisfactory, 3. Fair, 4. Weak, 5. Critical

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