

## Nomination and Remuneration Policy

### **PREFACE**

We, at Ovobel Foods Limited ("the Company") have always considered our human resources as the levers of the organisation's growth. The Company has been built on the commitment, dedication, hard work and loyalty of its employees. The Board is committed to transparent, fair and sound policies for determining appropriate remuneration at all levels of the Company.

As we are growing, personal and professional development of the directors and employees becomes important to motivate them as also to ensure efficient functioning of the organization.

### **VISION**

Effective people management for creating competitive advantage for all stakeholders and creating a transparent system for determining the appropriate level of remuneration to Directors, Key Managerial Personnel (KMP) and other senior management employees.

### **OBJECTIVE**

- To attract, nurture and retain the best talent by inculcating a culture of learning, performing, developing creativity and teamwork;
- To ensure reasonable remuneration to the Directors, KMP and other employees so as to motivate them of the quality required to run the Company successfully;
- To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

### **MONITORING OF THE POLICY**

The implementation of the Nomination and Remuneration Policy shall be monitored by the Nomination and Remuneration committee of the Board constituted as per the provisions of the

Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **PURPOSE OF THE COMMITTEE**

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- Devising a policy on diversity of board of directors;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- 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.
- Recommend to the board, all remuneration, in whatever form, payable to senior management.

#### **ROLES AND RESPONSIBILITIES OF THE COMMITTEE**

##### **Nomination**

The Nomination and Remuneration Committee shall identify potential candidates with appropriate qualification, knowledge, expertise and experience.

When considering candidates, the Committee strives to achieve a balance of knowledge, experience and accomplishment such that the Company reflects a diversity of talent, age, skill, expertise and perspective. While evaluating a Director, KMP or other senior management employees for recommending to the Board, the Committee shall take into consideration various criteria that are in the best interests of the Company and its stakeholders, some of which are given hereunder:

- Educational qualifications and experience of the candidate so as to be in terms with the applicable laws, rules, regulations as laid down in the Companies Act, 2013, listing regulations and other applicable acts;

- Willingness of a person to act as such;
- The candidate should reflect the highest standards of integrity, ethics and character, and value such qualities in other;
- The candidate should have the ability to devote sufficient time to the business and affairs of the Company;
- Demonstrate the capacity and desire to represent, fairly and equally, the best interests of the Company's stockholders as a whole;
- Access the present as well as future needs of the Company. Further, while nominating Directors, it must be ensured that the Board is structured in a way that:
  - it has proper understanding of and expertise to deal with the present as well as emerging business issues
  - exercises independent judgement
  - encourage enhanced performance of the business as a whole.

Accordingly, the process of the Committee for identifying nominees shall reflect the Company's practice of re-nominating incumbent directors and employees who continue to satisfy the Committee's criteria, whom the Committee believes to continue to make important contributions towards the growth, reputation and well being of the Company as a whole and who consents to continue their service with the Company.

Further, in addition to the above criteria, the appointment of Independent Directors of the Company shall also be guided by the following Terms and Conditions in compliance with schedule IV to the Companies Act, 2013 which is enclosed as Annexure 'A' to this Policy.

- The appointment of Independent Directors shall be independent of the company management. While selecting Independent Directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively;

- The appointment of Independent Directors shall be approved at the meeting of the Shareholders;
- The appointment of Independent Directors shall be formalised through a letter of appointment stating the requisite details as per the requirements of schedule IV of the Companies Act, 2013;
- The Independent Directors shall be appointed for a fixed term of upto five years or such lesser term as may be decided mutually between the Board and the Directors and shall be eligible for re-appointment for a further term of upto five years on passing a special resolution by the Company. Further, no Independent Director shall hold office for more than two consecutive terms. However, they shall be eligible for re-appointment after the expiration of cooling period of three years of ceasing to become an Independent Director;
- The Independent Directors shall be responsible for complying with the duties as specified under section 166 of the Companies Act, 2013. Further, their liabilities shall also be limited to the respective provisions of the Companies Act, 2013 and rules made there under;
- Independent Directors shall be expected to ensure compliance with the Code of Conduct as laid down by the Company;
- Independent Directors shall be paid sitting fees subject to the provisions of the Companies Act, 2013 and rules made there under as well as the terms of this policy.

### **Remuneration**

The committee shall:

- meet at least once in a year.
- ensure that the quorum of either two members or one third of the members of the committee, whichever is greater, including at least one independent director is present.
- ensure that the compensation to the Board, KMP and other senior management employees is reasonable and sufficient to attract, retain and motivate quality directors and KMPs;
- approve any significant changes in the executive director's contract;

- determine payment of sitting fees for directors for attending meetings of the Board;
- ensure that there is balance between fixed pay and incentive based pay (if any) in the remuneration to be paid to the Directors, KMPs and other senior management employees.

### **Director Remuneration**

The Company may pay remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to Managing and Whole-time Directors. Salary shall be paid within the range approved by the Shareholders. Commission, if any, shall be calculated with reference to net profits of the Company in a particular financial year and shall be determined by the Board of Directors at the end of the financial year based on the recommendations of the Nomination and Remuneration Committee, subject to overall ceilings stipulated in Sections 197 read with Schedule V of the Companies Act, 2013.

### **Non-executive Director Remuneration**

The non-executive directors shall be paid sitting fees for attending meetings of the Board based on the limits prescribed under the Companies Act, 2013 and as approved by the Board of Directors.

### **Senior Management Remuneration**

The salary of other senior management employees shall be competitive and based on the individual's qualification, experience, responsibilities and performance and shall be governed by the HR policy of the Company.

### **Determining criteria for performance evaluation of the Board and Individual Directors**

The Board shall evaluate its own performance based on the following criteria:

- Composition of the Board in compliance with the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ;
- Frequency of meetings held during the year and matters taken up thereat;
- Ability of the Board to take uniform decisions for the betterment of the Company taking into consideration the individual views of all the Directors comprising it;
- Its wisdom and judgement to help the Company prosper;
- Ability of the Board to evaluate risk and devise suitable measures to mitigate them etc.

The Board shall evaluate the performance of individual directors (including independent directors) based on the following criteria:

- Attendance of the individual directors and level of participation at the meetings of the Board and committees thereof and the general meetings;
- Contribution in long term strategic planning;
- Professional conduct and independence;
- Level of commitment etc.

The above list is illustrative.

Such performance evaluation of Directors (including independent directors) shall be done by the entire Board of Directors (excluding the director being evaluated).

In case of Independent Director, the Board shall determine whether to extend or continue the term of appointment of the Independent Director on the basis of the report of performance evaluation carried by the Board.

In addition to the above, the Board shall also evaluate the performance of various Board level Committees.

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