



BIKAJI FOODS INTERNATIONAL LIMITED

NOMINATION AND REMUNERATION POLICY

❖ **INTRODUCTION:**

Bikaji Foods International Limited (“the Company”) considers manpower as its invaluable asset. This Policy is guided by the principles and objectives as enumerated in Section 178 (3) of the Companies Act, 2013 and the rules made thereunder, each as amended (the “Act”) and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“SEBI Listing Regulations”), to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company. This Policy reflects the remuneration philosophy and principles of the Company and considers the pay and employment conditions with peers / competitive market to ensure that pay structures are appropriately aligned.

❖ **OBJECTIVES:**

This Policy has been framed with the following purpose and objectives:

- To formulate the criteria for identification and selection of suitable candidates for becoming directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- To ascertain and maintain the diversity of the Board.
- To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors / Senior Management / KMPs of the quality required to run the company successfully.
- To ascertain that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- To ensure that remuneration to Directors, KMPs 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.
- Carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.
- 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.

❖ **APPLICABILITY:**

This Policy is applicable to:

- Directors (Executive, Non-Executive and Independent)
- Key Managerial Personnel
- Senior Management Personnel

❖ **DEFINITIONS:**

- **"Act"**:- Act means the Companies Act, 2013 and rules made thereunder.
- **"Board"**:- Board means Board of Directors of the Company.
- **"Committee"**:- Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.
- **"Director"**:- Director means Director of the Company.
- **"Independent Director"**:- As provided under the Companies Act, 2013, 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)- 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 non- profit organization 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.

f) who possesses such other qualifications as may be prescribed.

- **"Key Managerial Personnel"**:- Key Managerial Personnel ("KMP") means-

(i) the Chief Executive Officer or the Managing Director or the 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

- **"Regulations"**:- Regulations means various regulations issued by the Securities and Exchange Board of India from time to time.
- **"Remuneration"**:- 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"**:- Senior Management as per Listing Regulations shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the 76["chief executive officer/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.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Act or Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.

❖ **CRITERIA FOR NOMINATION AND APPOINTMENT:**

- The Company shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his / her appointment, as per Company's HR Policies.
- A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee and/or the Board shall have the authority to decide whether qualification, expertise and experience possessed by a person are sufficient / Satisfactory for the position.
- The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder, or any other enactment for the time being in force.
- The Company shall ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder, or any other enactment for the time being in force.
- The Term / Tenure of the Directors shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder as amended from time to time.

❖ **POLICY ON BOARD DIVERSITY:**

The Board of Directors shall have the optimum combination of Directors from different areas / fields like Production, Management, Quality Assurance, Finance, Sales and Marketing, Research and Development etc. or as may be considered appropriate. The Board shall have an appropriate mix of skills, qualifications, expertise and experience required for the efficient functioning of the Company and as per the timely needs of the Company.

The total number of Directors and the combination of Executive and Non-Executive Directors shall be as per the provisions laid down in the Companies Act, 2013, the rules made thereunder and any other statutory or regulatory obligation of the Company.

❖ **COMPOSITION, CHAIRMAN AND SECRETARY:**

- The Committee shall consist of at least 3 non-executive directors, including at least two-third of them being independent.
- Term of the Committee shall be continued unless terminated by the Board of Directors.
- The Company Secretary of the Company shall act as Secretary of the Committee.
- Chairperson of the Committee shall be an Independent Director.
- Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

❖ **FREQUENCY AND QUORUM OF MEETINGS:**

- The meeting of the Committee shall be held at such regular intervals as may be required.
- Quorum for the Committee meeting will be as per the requirements of the Companies Act, 2013, rules made thereunder, or any other enactment for the time being in force.

❖ **MINUTES OF COMMITTEE MEETING:**

- Proceedings of all meetings must be minitized and signed by the Chairperson of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

❖ **COMMITTEE MEMBERS' INTERESTS:**

- 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.
- The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

❖ **VOTING:**

- Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- In the case of equality of votes, the Chairperson of the meeting will have a casting vote.

❖ **REMUNERATION**

- **General:**

a) The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board of Directors for their approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, if required under the Act.

b) The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.

c) 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.

d) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

- **Remuneration to Whole-time Director, KMP and Senior Management Personnel:**

a) Fixed pay: The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees 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.

b) Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and rules made thereunder

c) Provisions for excess remuneration: If any Whole-time 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.

- **Remuneration to Non- Executive / Independent Director:**

a) Remuneration / Commission: The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.

b) Sitting Fees: The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board of Committee thereof. Provided that the amount of such fees shall not exceed Rs. One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

c) Commission: 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.

d) Stock Options: An Independent Director shall not be entitled to any stock option of the Company.

- ❖ **EVALUATION:**

The Committee shall carry out evaluation of performance of every Director and KMP at regular interval (yearly) keeping in mind Guidance note issued by the Securities and Exchange Board of India (SEBI) and Institute of Company Secretaries of India (ICSI) in this regard.

- ❖ **TERM / TENURE:**

- a) **Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as Managing Director, Whole-Time Director or Manager for a term not exceeding five years at a time or such other period as mandated under the Act. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company 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 three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of 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, it should be ensured that number of Board on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies 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.

❖ **RETIREMENT AND REMOVAL:**

The Directors, KMPs and Senior Management personnel of the Company shall retire or be removed from their positions in accordance with the disqualifications mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground, as the Committee and/or Board may deem appropriate.

❖ **AMENDMENT:**

The Board of Directors can amend this policy, as and when deemed fit. Any or all provisions of this policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case where any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities are not consistent with / are in addition to / are in derogation of the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions of this policy and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.