

**AVADH SNACKS PRIVATE LIMITED**  
**NOMINATION AND REMUNERATION POLICY**

## 1. INTRODUCTION

Avadh Snacks Private Limited (**'Company'**) recognizes the importance of aligning business objectives with specific and measurable individual objectives and targets. The Company has therefore formulated the Nomination and Remuneration Policy (**'Policy'**) for the appointment and remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and other Employees of the Company in line with the provisions of Section 178 of the Companies Act, 2013 read with the applicable rules, as amended from time to time.

This Policy on nomination and remuneration of directors, key managerial personnel, senior management and other employees has been formulated by the Nomination and Remuneration Committee (**'Committee'**) and has been approved by the Board of Directors (**'Board'**) of the Company in its meeting held on 5<sup>th</sup> February, 2020.

## 2. DEFINITIONS

- a. **"Board" or "Board of Directors"** means Board of Directors of the Company.
- b. **"Committee"** means the Nomination and Remuneration Committee constituted by the Board of Directors of the Company in accordance with the provisions of Section 178 of the Companies Act, 2013.
- c. **"Company"** mean Avadh Snacks Private Limited.
- d. **"Directors"** means the Directors of Avadh Snacks Private Limited.
- e. **"Independent Director"** means a Director of the Company, who meet the criteria of Independence as per the governing provisions of the Companies Act, 2013.
- f. **"Key Managerial Personnel" or "KMP"** means key managerial personnel of the Company as defined under the Companies Act, 2013.
- g. **"Other employees"** means all employees other than Directors, KMP and Senior Management Personnel.
- h. **"Policy"** means the Nomination and Remuneration Policy.
- i. **"Senior Management or Senior Management Personnel"** means officers of the Company who are members of its core management excluding Board of Directors.

## 3. CONSTITUTION OF THE COMMITTEE

The Board shall determine the membership of the Committee and shall comprise of such number of directors as provided in the governing provisions of the Companies Act, 2013.

## 4. OBJECTIVE

This Policy shall be in compliance with Section 178 of the Companies Act, 2013. The objective of this Policy is to lay down a framework in relation to remuneration of Directors, KMP, Senior Management Personnel and other Employees. The key objectives of the Committee would be:

- a. To lay down criteria for identifying persons who are qualified to become directors and who may be appointed as key managerial personnel and senior management personnel and to recommend to the Board their appointment and removal.
- b. To specify the manner for effective evaluation of performance of Board, its committees and individual directors.
- c. To formulate criteria for determining qualification, positive attributes and independence of Director.
- d. To recommend to the Board a policy relating to remuneration of directors, key managerial personnel, senior management personnel and other employees. While recommending such policy the Committee shall ensure:
  - i. 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.
  - ii. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
  - iii. Remuneration of Directors, Key Managerial Personnel 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.

## **5. APPLICABILITY**

The Policy shall be applicable on the Directors, KMP, Senior Management Personnel and other Employees of the Company.

## **6. POLICY**

### **6.1 Appointment Criteria and Qualifications**

- a. **Criteria for identifying persons who are qualified to be appointed as a Director / KMP/ Senior Management Personnel:**
  - i. The members of the board shall possess appropriate skills, qualification, characteristics and experience. The objective is to have a Board with diverse background and experience in business, government, academics, technology, human resources, social responsibilities, finance, law etc. or in such other areas as may be considered relevant or desirable to conduct the Company's business in a holistic manner. The Committee shall also examine the structure, composition and functioning of the Board and recommend changes, if necessary, to improve the Board's effectiveness.
  - ii. Directors should possess high level of personal and professional ethics, positive attributes, integrity and values. They should be able to balance the legitimate interest and concerns of all the Company's stakeholders in arriving at appropriate decisions in the best interest of the Company. In addition, Directors must be willing to devote

sufficient time and energy in carrying out their duties and responsibilities effectively. They must have the aptitude to critically evaluate management's working as part of a team in an environment of collegiality and trust.

- iii. In evaluating the suitability of individual Board members, the Committee takes into account many factors, including general understanding of the Company's business dynamics, global business, social perspective, educational and professional background and personal achievements.
- iv. Independent Directors shall be person of integrity and possess expertise and experience and/or someone who the Committee/ Board believes could contribute to the growth/philosophy/ strategy of the Company. The performance evaluation of Independent Directors shall be done by the entire Board of Directors (excluding the Director being evaluated).
- v. The candidate for the appointment as Senior Management Personnel should possess adequate qualification, positive attributes, characteristics and work experience besides high level of personal and professional ethics, integrity and values. The Committee evaluates each individual with the objective of having a group that best enables the success of the Company's business and achieve its objectives.

#### **b. Removal**

- i. Due to reasons for any disqualifications mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director and KMP.
- ii. In addition to above, a Director or KMP may also be removed as per the Company's prevailing policy.
- iii. The removal of Senior Management Personnel and other employees shall be as per the Company's prevailing policy.

## **6.2 Remuneration**

The remuneration to be paid to the Whole-Time Director(s), Non- Executive Director(s), KMPs, Senior Management Personnel and other employees shall be reasonable and sufficient to attract, retain and motivate directors, KMPs, Senior Management and other employees. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks.

The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

#### **a. Remuneration to Whole Time Director / Managing Director**

- i. The Whole Time Director / Managing Director shall be eligible for remuneration as may be approved by the shareholders of the Company on the recommendation of the

Committee and the Board of Directors in line with provisions of the Companies Act, 2013.

While recommending the remuneration payable to Whole Time Director / Managing Director, the Committee shall, *inter alia*, consider the following matters:

- a. Financial and operating performance of the Company;
- b. Relationship between remuneration and performance;
- c. Industry/ sector trends for the remuneration paid to executive director;
- d. Such other matters as Committee deem fit.

Annual Increments to the Whole Time Director/Managing Director shall be within the slabs approved by the shareholders of the Company. Increments shall be recommended by the Nomination and Remuneration Committee to the Board of Directors at times it desires to do so but preferably on an annual basis.

**b. Remuneration to Non-Executive Directors**

Non-Executive Directors are paid remuneration by way of sitting fees and reimbursement of expenses for participation in the Meeting of the Board of Directors or any duly constituted Committee thereof and/or such other payments/benefits (excluding stock options), subject to the governing provisions of the Companies Act, 2013.

In addition to the above, they may also be paid remuneration within the overall limit prescribed under the Companies Act, 2013 subject to the approval of Board of Directors and also by shareholders, as required.

**c. Remuneration to KMP / Senior Management Personnel**

The remuneration in whatever form to be paid to KMP / Senior Management Personnel shall be based on the experience, qualification, expertise of the related personnel as well as the prevailing market conditions and shall be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company and consonance with the limits, if any, prescribed under the Companies Act, 2013 or in any other applicable enactment for the time being in force.

**d. Remuneration to Other Employees**

The power to decide structure of remuneration for other employees has been delegated to the Management of the Company.

**6.3 Evaluation**

**a. Criteria for evaluation of Directors**

As members of the Board, the performance of the individual Directors as well as the performance of the entire Board and its Committees is required to be formally evaluated annually.

Section 178(2) of the Companies Act, 2013 also mandates to carry out evaluation of every Director's performance, the Committee and Board.

The Board / Committee may take advice from an Independent Professional Consultant in developing the best methodology by using best standards and methods meeting international parameters for evaluation.

## **7. DISCLOSURES**

The Policy shall be uploaded on the website of the Company and the salient features of the Policy and changes therein, if any, along with web address of the Policy shall be disclosed in Board's Report.

## **8. REVIEW AND AMENDMENT**

- i. This Policy shall be reviewed by the Board of Directors as and when any changes are to be incorporated in the Policy due to change in law, regulations or as may be felt appropriate by them. Any changes/amendment/modification in the Policy will be in writing and approved by Board of Directors of the Company.
- ii. In case of any subsequent changes in the provisions of the Companies Act, 2013 or rules made thereunder which makes any of the provisions in the Policy inconsistent with the Act or Rules, then the provisions of the Act or Rules would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.