



Board Diversity and Nomination & Remuneration Policy

HERITAGE FOODS LIMITED
(Formerly Known as Heritage Foods (India)
Limited CIN: L15209TG1992PLC014332
AN ISO: 22000 CERTIFIED COMPANY
Regd Off: H.No.8-2-293/82/A/1286, Plot No: 1286,
Road No. 1 & 65, Jubilee Hills, Hyderabad,500033
Telangana, INDIA
Tel: +91-4023391221/222, Fax: 30685458
Email: hfl@heritagefoods.in
Website: www.heritagefoods.in



Contents:

Particulars
Board Diversity Policy:
Nomination & Remuneration Policy:
- Framework for performance evaluation of Independent Directors & the Board (Annexure A)
- Framework for Separate Meeting of Independent Directors (Annexure B)
- Familiarisation Programme for Independent Directors (Annexure C)



POLICY ON BOARD DIVERSITY

1. Purpose of this Policy:

This Policy on Board Diversity (the “Policy”) sets out the Company’s approach to ensuring adequate diversity in its Board of Directors (the “Board”) and is devised in consultation with the Nomination and Remuneration Committee (the “Committee”) of the Board.

2. Scope of Application:

The Policy applies to the Board of Heritage Foods Limited (the “Company”).

3. Policy Statement:

The Company aims to enhance the effectiveness of the Board by diversifying its composition and to obtain the benefit out of such diversity in better and improved decision making. In order to ensure that the Company’s boardroom has appropriate balance of skills, experience and diversity of perspectives that are imperative for the execution of its business strategy, the Company shall consider a number of factors, including but not limited to skills, industry experience, background, race and gender.

The Policy shall conform to the following two principles for achieving diversity on the Board:

- Decisions pertaining to recruitment, promotion and remuneration of the directors will be based on their performance and competence; and
- For embracing diversity and being inclusive, best practices to ensure fairness and equality shall be adopted and there shall be zero tolerance for unlawful discrimination and harassment of any sort whatsoever.

In order to ensure a balanced composition of executive, non-executive and independent directors on the Board, the Company shall consider candidates from a wide variety of backgrounds, without discrimination, and based on the following factors:



- Gender- The Company shall not discriminate on the basis of gender in the matter of appointment of directors on the Board. The Company encourages the appointment of women at senior executive levels to achieve a balanced representation on the Board. As per the provisions of the Companies Act, 2013, the Company shall at all times have at least one woman director on the Board. Any vacancy of the woman director shall be filled within a period of six months.
- Ethnicity - The Company shall promote having a boardroom comprising of people from all ethnic backgrounds so that the directors may efficiently contribute their thorough knowledge, sources and understanding for the benefit of Company's business;
- Physical disability - The Company shall not discriminate on the basis of any immaterial physical disability of a candidate for appointment on the Company's Board, if he/she is able to efficiently discharge the assigned duties.
- Educational qualification- The Directors of the Company shall have a mix of finance, engineering, legal and management background, so that they collectively provide the Company with considerable experience in a range of activities including varied industries, education, policy and investment.

4. Review of the Policy:

The Board and the Committee will review this Policy on a regular basis to ensure its effectiveness and also compliance with revised applicable provisions of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015



NOMINATION & REMUNERATION POLICY

1. Purpose of this Policy:

Heritage Foods Limited (“HFL” or the “Company”) has adopted 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”) and the provisions of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

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

- a) To evaluate the performance of the members of the Board.
- b) 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.
- c) 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 Foods Limited (HFL);

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

‘Company’ means Heritage Foods Limited (HFL);

‘Directors’ means the directors of the Company;



Independent Director means a director referred to in Section 149(6) of the Act and the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, 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 and SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

‘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 or the Securities and Exchange Board of India Act, 1992 and Rules and Regulations framed thereunder or SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 or the Accounting Standards 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, Rules made there under and the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, 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, appointment, remuneration and removal of Director, KMP and Senior Management;
- e) To devise a Policy on Board diversity.

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 authorised 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.

5.2 Term:

The Term of the Directors including VCMD /ED/WTD/Independent Director shall be governed as per the provisions of the Act and Rules made there under and the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, as amended from time to time.

Whereas the term of the KMP (other than the VCMD/ED/WTD) and Senior Management shall be governed by the prevailing HR policies of the

Company.

5.3 Evaluation:

The Committee shall carry out evaluation of performance of every Director.

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.

5.4 Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations thereunder and / or for any disciplinary reasons and subject to such applicable Acts, Rules and Regulations 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 VCMD/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 VCMD/ WTD/ED

Besides the above Criteria, the Remuneration/ Compensation/ Commission etc. to be paid to VCMD/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 / Share holders from time to time.

An Independent Director shall not be entitled to any stock option of the Company unless otherwise permitted in terms of the Act and the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, as amended from time to time.

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 VCMD/ ED of the Company or any other personnel that the VCMD / ED may deem fit to delegate.

7. Disclosure of this Policy:

This Nomination & Remuneration policy shall be disclosed in the Board's report as required under the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

8. Review:

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.



Annexure-A

Framework for performance evaluation of Independent Directors and the Board

As per the provisions of SEBI (LO&DR) Regulation, 2015, the Nomination and Remuneration Committee (the “Committee”) shall lay down the evaluation criteria for performance evaluation of Independent Directors and the Board. Further, in terms of SEBI (LO&DR) Regulation, 2015, the Board is required to monitor and review Board Evaluation Framework. This Framework shall contain the details of Board’s self-evaluation framework (including all Committees of the Board and individual directors).

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:

1. 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 organise the evaluation process and act on its outcome;
2. 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: Chairpersons Assessment form &
 - Part-3: Individual Director Assessment form
3. The Board / Independent Directors shall be asked to complete the evaluation forms and submit the same to the Chairman.
4. 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

As per SEBI (LO&DR) Regulation, 2015, agreement entered into by the Company with the BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") requires the Nomination and Remuneration Committee of the Board to lay down evaluation criteria for performance evaluation of the Board.

Sl No	EVALUATION FACTOR	RATINGS					Comments
		1	2	3	4	5	
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.						



SI No	EVALUATION FACTOR	RATINGS					Comments
		1	2	3	4	5	
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 and Listing agreement with the Stock Exchanges.						
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 Committees (Such as: Audit Committee, Stake Holder Relationship Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee, Management Committee) are appropriately constituted.						
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 indicators that are used to monitor the performance of management.						
4	Is well informed on all issues (short and long-term) facing by the Company.						
5	Ensures that information adequately flows between the board and management on ongoing basis.						



SI No	EVALUATION FACTOR	RATINGS					Comments
		1	2	3	4	5	
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: 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-3: 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



Annexure-B

Framework for Separate Meeting of Independent Directors

As required by the provisions of Schedule IV to the Act and the provisions of SEBI (LO&DR) Regulation, 2015, 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.



Familiarisation Programme for Independent Directors

As required by the provisions of Schedule IV to the Act and the provisions of SEBI (LO&DR) Regulation, 2015, the Company is required to develop a Familiarisation Programme for the Independent Directors of the Company.

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

The Company has put in place a system to familiarise 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 current on the state of the Company's affairs and the industry in which it operates.
