

CREMICA AGRO FOODS LIMITED

**NOMINATION AND REMUNERATION
POLICY**

1. LEGAL FRAMEWORK

This Nomination and Remuneration Policy (the “Policy”) has been formulated in compliance with Section 178 of the Companies Act, 2013, read with applicable rules made thereunder and in compliance of Regulation 19 of the SEBI (LODR), when so applicable.

This Nomination and Remuneration Policy is applicable to the Board of Directors (the “Board”), Key Managerial Personnel (the “KMP”) and the Senior Management Personnel (the “SMP”) of Cremica Agro Foods Limited (“Company”).

2. OBJECTIVE

The objective of this Policy is to serve as a guiding charter to appoint qualified persons as Directors, Key Managerial Personnel and in senior management, to recommend the remuneration to be paid to them and to evaluate their performance.

The Nomination and Remuneration Committee shall provide a policy framework for:

- a) Identifying persons who are qualified to become Directors and who may be appointed as KMPs and in senior management position in accordance with the criteria laid down, recommend to the Board for their appointment and removal;
- b) Carrying out evaluation of every Director’s performance;
- c) Identifying the criteria for determining qualifications, positive attributes and independence of a director;
- d) Finalizing the remuneration for the Directors, Key Managerial Personnel and Senior Management Personnel;
- e) Assessing the independence of Independent Directors; and
- f) Such other key issues/matters as may be referred by the Board or as may be necessary in view of the provision of the Companies Act 2013 and Rules thereunder and the SEBI (LODR), whenever applicable.

3. INTRODUCTION

- (a) “**Act**” means the Companies Act, 2013 (and the Rules made thereunder) and the Companies Act, 1956 to the extent applicable.
- (b) “**Board/Board of Directors**” means the Board of Directors of the company for the time being.
- (c) “**Company**” means Cremica Agro Foods Limited.
- (d) “**Director**” means a director appointed to the Board of the company.
- (e) “**Key Managerial Personnel (KMP)**” means key managerial personnel as defined under sub-section (51) of section 2 of the Companies Act, 2013 as under:
 - (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.
- (f) “**Nomination and Remuneration Committee (NRC)**” means a Committee of Directors constituted under Section 178 of Companies Act, 2013, read with rules made thereunder.

- (g) “**Policy**” means this policy, as amended from time to time.
- (h) “**Rules**” means the rules made under the Companies Act, 2013.
- (i) **SEBI (LODR)** means SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015
- (j) “**Senior Management Personnel (SMP)/Senior Officials**” means personnel of the Company who are members of its core management team excluding Board of Directors, comprising all members of management one level below the Executive Directors, including the functional heads.

4. ACCOUNTABILITY

The Board is ultimately responsible for the appointment of Directors and Key Managerial Personnel. However, the Board, in terms of requirements of Companies Act, 2013 and rules made thereunder, has delegated responsibility for assessing and selecting the candidates for the role of Directors, Key Managerial Personnel and the Senior Management of the Company to the Nomination and Remuneration Committee which makes nominations & recommendations to the Board.

5. APPOINTMENT OF DIRECTORS AND KMPs/SENIOR OFFICIALS

A) DIRECTORS

Enhancing the competencies of the Board, diversity and providing strategic inputs to the management of the Company is the main criteria/focus area while selecting Directors of the Company. The proposed person are assessed against a range of criteria which includes but not limited to:

- Personality, skills and professional knowledge
- Knowledge and experience relevant to the business of the Company
- Understanding of and experience in performing his roles and responsibilities
- Independence of judgment
- Educational and professional qualification(s)
- Past performance and credentials, behavior & conduct
- Ability to work individually as well as a member of team
- Ability to represent the Company
- Interaction and relationship with the other members of the Board, KMPs and key stakeholders
- Board room conduct
- Communication skills and
- Ethics and Values.

Independence of Directors:

Independence of Directors is decided on the basis of criteria provided under the relevant provisions of the Companies Act, 2013, read with rules made thereunder, and any modification/amendments done from time to time and as envisaged under SEBI (LODR). A declaration of Independence is taken from the Independent Directors at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an Independent director.

B) KMP/ SENIOR OFFICIALS

KMP and Senior Officials are identified by the Company and informed to the Nomination and Remuneration Committee from time-to-time for recommendation to the Board for to be so appointed.

6. LETTERS OF APPOINTMENT

The Company issues a formal letter of appointment to each Director, KMP and Senior Officials which inter-alia, contains the terms of appointment and the role assigned by the Company and gets it accepted and signed by the concerned individual

7. REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

While fixing the remuneration, the guiding principle is that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, Key Management Personnel and other senior officials. The Directors, Key Management Personnel and other senior official's salary is based and determined on the basis of individual's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any. Individual remuneration packages for Directors, KMPs and Senior Officials of the Company are determined after taking into account relevant factors, including but not limited to:

- Qualification and experience
- Level of engagement in the affairs of the Company,
- Market conditions,
- Financial and commercial health of the Company,
- Practice being followed in comparable companies,
- Prevailing laws and government/other guidelines.

Remuneration Structure

The remuneration structure would normally depend upon the roles and responsibilities as well as the prevailing market practices. In normal circumstances, the remuneration of an individual shall be divided between fixed and variable components as required under the provisions of the Companies Act, 2013 and as envisaged in SEBI (LODR).

- a) **Base Compensation (fixed salaries):** This component of salary is competitive and reflective of the individual's role, responsibility and experience in relation to performance of day-to-day activities, usually reviewed on an annual basis. The base Compensation includes salary, allowances and other statutory/non-statutory benefits which are normal part of remuneration package in line with market practices.
- b) **Variable salary:** A relevant part of remuneration is payable as variable salary linked to corporate and individual performance, fulfilment of specified improvement targets or the attainment of certain financial or other objectives set in this regard.
- c) Any other component/benefits as may be recommended by the management and approved by the NRC.

8. EVALUATION/ASSESSMENT OF DIRECTORS

The evaluation/assessment of the Directors is conducted on an annual basis. The following criteria assists in determining how effective the performances of the Directors have been:

a) Vision and clarity of roles & responsibility:

The Individual Director should have awareness of fiduciary and statutory requirements and a clearly articulated vision. This includes clarity of role as a member of the Board of the Company.

b) Board Processes:

The quality of board processes such as decision making (i.e. how directors ensure they are well informed to be able to make the decisions in the best interest of the Company and its stakeholders) selection and induction etc.

c) Engagement with Management:

How well the board engages with the management to ensure it is well supported and able to meet the needs of its members.

d) Board dynamics:

At the heart are the board dynamics. It is the quality of individual relationships and dialogues that directly influences the quality of decision making and relationships with key stakeholders.

e) Frequency of participation:

The Individual should make him /her available for attending the Board meetings of the Company and be available for providing his/her guidance and support in case of need.

9. REVIEW AND REVISION

The policy shall be reviewed by the Nomination & Remuneration Committee at appropriate intervals and based on its recommendations; the Board may revise the same from time to time.

10. SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the Act or SEBI (LODR) or any other statutory enactments or rules as maybe applicable, the provisions of SEBI (LODR) / Act or statutory enactments shall prevail over this Policy and the part(s) so repugnant shall be deemed to be severed from the Policy and the rest of the Policy shall remain inforce.
