

## INTRODUCTION

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, key managerial personnel and employees of the company, to harmonize the aspirations of human resources consistent with the goals of the company and in terms of the provisions of the Companies Act, 2013 and Rules thereunder (as amended from time to time), this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management has been formulated by the Nomination and Remuneration Committee ("NAR") and approved by the Board of Directors of the Company.

## PURPOSE OF THE POLICY

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

- a) to formulate the criteria in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) to ensure appointment and level of composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully
- c) to ensure that the Remuneration payable to the Directors, Key Managerial Personnel and Senior Management meets appropriate performance benchmarks.
- d) to ensure that, the remuneration payable creates a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and the goals.
- e) to formulate a criteria for evaluation of performance of the Members of the Board.

## SCOPE OF APPLICATION

The Policy applies to the Board of Creamline Dairy Products Limited (the "Company").

## DEFINITIONS

'Act' means the Companies Act, 2013

'Board' or 'Directors' means the Board of Directors of Creamline Dairy Products Limited (CDPL)

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

'Company' means Creamline Dairy Products Limited (CDPL)

'Independent Director' means a director appointed pursuant to Section 149(6) of the Act, 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 namely:

- Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director
- Chief Financial Officer
- Company Secretary
- such other officer as may be prescribed

'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

'Other employees' means all the employees other than the Directors, KMPs and the Senior Management Personnel

'Policy or This Policy' means, 'Nomination and Remuneration policy'

**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

## INTERPRETATION

Terms, Words and Expressions used in this policy and not defined herein in this policy shall have the same meaning assigned to them in the Companies Act, 2013 as may be amended from time to time

## CONSTITUTION OF COMMITTEE

The Board of Directors of the Company (the Board) constituted the Nomination and Remuneration Committee (NAR) on March 25<sup>th</sup>, 2015 as per the requirements under the Companies Act, 2013 and rules thereunder (as amended from time to time). The Committee shall comprise of atleast three Director's, all of whom shall be non-executive Director's and atleast half shall be Independent. The Board has the authority to reconstitute this Committee from time to time. The term of the Committee shall be continued unless terminated by the Board of Director's.

## FUNCTIONING OF THE COMMITTEE

The meeting of the Committee shall be held at such regular intervals as may be required. Minimum two (2) Members shall constitute a quorum for the Committee meeting. The Members of the Committee present at the meeting shall choose amongst them to act as a Chairman. Chairperson of the Company may be appointed as a member of the Committee but shall not Chair the Committee. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee. 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 Chairman of the meeting will have a casting vote.

## MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be reviewed and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting.

## ROLE OF THE COMMITTEE

The role of the Committee inter alia will be the following

- To formulate a Nomination and Remuneration policy as per the provisions of section 178 (4) of the Companies Act, 2013 and Rules there under.
- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.

- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board, relating to the remuneration for the directors, key managerial personnel and other employees.
- To develop a succession plan for the Board and to regularly review the plan
- To assist the Board in fulfilling responsibilities
- To perform such other functions as may be necessary or appropriate for the performance of its duties

## APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

### 1. Appointment Criteria and Qualifications

- a. The Committee 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 to the Board his / her appointment.
- b. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c. The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

### 2. Term / Tenure

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

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. 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 of upto maximum of 5 years each, 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.

### 3. Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

### 4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

## 5. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL

Remuneration to Managing/Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

- The remuneration / compensation / commission etc. to Managerial Person, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval.
- The Remuneration/ Compensation/ Commission etc. to be paid to Director / Managing Director etc. 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.
- 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 Managerial Person.

## Remuneration to Non-Executive / Independent Director

- Remuneration / Commission: The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
- Sitting Fees: The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

## DEVIATIONS FROM THIS POLICY

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

## REVIEW AND AMENDMENT

- i. The NAR Committee or the Board may review the Policy as and when it deems necessary.
- ii. The NAR Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
- iii. This Policy may be amended or substituted by the NRC or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.