



PRATAAP SNACKS LIMITED

NOMINATION AND REMUNERATION POLICY



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1. INTRODUCTION

It is the endeavour of Prataap Snacks Limited (**‘Company’**) that its Nomination and Remuneration Policy (**‘Policy’**) should represent the mode in which the Company carries out its business practices i.e. fair, transparent, inclusive, and flexible. The Company strives that its Policy should attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and superannuation benefits.

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 (**“KMP”**) 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 (**‘Act’**) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**‘Listing Regulations’**), this Policy on nomination and remuneration of Directors, KMP and Senior Management has been formulated and approved by the Board of Directors (**‘Board’**) of the Company. This Policy is amended on 21st May, 2019

2. DEFINITIONS

- a. **“Board of Directors”** means the “Board of Directors” of Prataap Snacks Limited, as constituted from time to time.
- b. **“Committee”** means the Nomination and Remuneration Committee constituted by the Board of Directors of the Company.
- c. **“Company”** mean Prataap Snacks Limited.
- d. **“Independent Director”** means a Director of the Company, who meet the criteria of independence as per the governing provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- e. **“Key Managerial Personnel”** or **“KMP”** means key managerial personnel as defined under the Companies Act, 2013 and in relation to the Company means:-
 - i. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
 - ii. Chief Financial Officer;
 - iii. Company Secretary & Compliance Officer; and
 - iv. Such other officer as may be prescribed and designated by the Board.
- f. **“Other employees”** means all employees other than the Directors, KMPs and the Senior Management Personnel.
- g. **“Policy”** means the Nomination and Remuneration Policy.
- h. **“Senior Management”** mean officers/personnel of the Company 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 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.

3. CONSTITUTION OF THE COMMITTEE

- a. The Board shall determine the membership of the Nomination & Remuneration Committee.
- b. The Committee shall comprise of such number of directors as provided in the governing provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- c. Chairperson of the Committee shall be an Independent Director.
- d. The Company Secretary shall act as Secretary to the Committee

4. OBJECTIVE

The Committee and this Policy shall be in compliance with Section 178 of the Act and applicable provisions of Listing Regulations. 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 in Key Managerial and Senior Management positions and to recommend to the Board their appointment and removal.
- b. To lay down criteria to carry out evaluation of every Director's /KMP/Senior Management Personnel and other employees performance.
- c. Formulation of criteria determining qualification, positive attributes and independence of a Director.
- d. To recommend to the Board a policy, relating to remuneration of directors, key managerial personnel and other employees. While recommending such policy the Nomination and Remuneration 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.
- e. To formulate a Board Diversity Policy.
- f. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- g. To develop a succession plan for the Board and to regularly review the plan.
- h. To recommend to the Board, all remuneration, in whatever form, payable to senior management and KMPs.

5. APPLICABILITY

- a. Directors (Executive and Non-Executive);
- b. KMP;
- c. Senior Management Personnel;
- d. Other Employees

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 / Other Employees of the Company:

- I. 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.
- II. 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.
- III. 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.

b. Term / Tenure

The Term / Tenure of the Directors shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder and Listing Regulations as amended from time to time.

The Term/Tenure of the KMP's/Senior Management Personnel and other employees shall be as per the companies prevailing policy.

c. Removal

Due to reasons for any disqualifications mentioned in the Companies Act, 2013, rules made there under 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.

The removal of other employees shall be as per the Company's prevailing policy.

d. Retirement

The Directors, 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.

6.2 Board Diversity

The Board shall consist of such number of Directors, including at least one women Director and not less than fifty percent of the Board of Directors comprising non-executive directors, as is necessary to effectively manage the Company of its size.

When the Chairman of the Board is a non-executive director, at least one-third of the Board should comprise independent directors and in case the Company does not have a regular non-executive Chairman or in case the regular non-executive Chairman is a promoter of the Company, at least half of the Board comprise independent directors.

The Committee will lead the process for Board appointments. All Board appointments will be based on the skills, diverse experience, independence and knowledge which the Board as a whole requires to be effective. The Committee shall seek to address Board vacancies by actively considering candidates that bring a diversity of background and opinion from amongst those candidates with the appropriate background and industry or related expertise and experience. The candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board.

Additionally, the Board may consider appointment of experts from various specialized fields such as finance, law, information technology, corporate strategy, marketing and business development, international business, operations management etc. so as to bring diversified skill sets on board or succeed any outgoing director with the same expertise.

6.3 Remuneration

The level and composition of remuneration to be paid to the Managing Director, 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 of the quality required to run the Company successfully. 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.

1. Whole Time Director(s)/ Managing Director

The Whole Time Director(s) / 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. The breakup of the pay scale, performance bonus and quantum of perquisites shall be decided and approved by the Board on

the recommendation of the Committee and shall be within the overall remuneration approved by the shareholders and Central Government, wherever required.

While recommending the remuneration payable to Whole Time Director(s)/ Managing Director, the Nomination and Remuneration Committee shall, inter alia, have regard to the following matters:

- Financial and operating performance of the Company
- Relationship between remuneration and performance
- Industry/ sector trends for the remuneration paid to executive directorate

Annual Increments to the Whole Time Director(s)/ Managing Director shall be within the slabs approved by the Shareholders. 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.

2. **Non-Executive / Independent Directors**

i **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.

ii **Sitting Fee:**

The Non- Executive / Independent Directors 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 Rs. One Lakh per meeting of the Board or Committee or such amount as may be prescribed in the Act, from time to time.

iii **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.

iv **Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company.

3. **Senior Management Personnel / KMPs**

The Remuneration in whatever form to be paid to Senior Management Personnel / KMPs 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 and rules made thereunder or any other applicable enactment for the time being in force.

4. Other Employees

The power to decide structure of remuneration for other employees has been delegated to the Managing Director of the Company who shall decide the same in consultation with the Chief Human Resource Officer of the Company.

6.4 Evaluation

1. 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.

In developing the methodology to be used for evaluation, on the basis of best standards and methods meeting international parameters, the Board / Committee may take the advice of Independent Professional Consultant(s).

2. Criteria for evaluating performance of Key Managerial Personnel and Senior Management Personnel:

The performance evaluation of Key Managerial Personnel and Senior Management Personnel shall be done as per Company's Policy.

3. Criteria for evaluating performance of Other Employees:

The performance evaluation of other employees shall be done as per Company's Policy.

7. DISCLOSURES

This Policy shall be disclosed on the website of the Company.

8. REVIEW AND AMENDMENT:

1. This Policy shall be reviewed by the Board 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 the Board. Any changes/amendment/modification in the Policy will in writing and approved by Board of Directors of the Company
2. In case of any subsequent changes in the provisions of the Companies Act, 2013, Listing Regulations or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or Regulations, then the provisions of the Act or Regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.