

NOMINATION AND REMUNERATION POLICY

INTRODUCTION:

At all levels and all times monetary compensation has been if not the sole but the most important motivational aspect for getting the job fulfilled under any given business scenario.

It is the endeavor of Zenith Exports Limited (“Company”) that its Nomination & Remuneration Policy should represent the mode in which the Company carries out its business practices.

The Company strives that its Remuneration Policy should attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and superannuation benefits.

This Nomination and Remuneration Policy applies to Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company.

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, in terms of the provisions of the Companies Act, 2013, this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management has been formulated by the Nomination and Remuneration/Compensation Committee (“NRC”) and approved by the Board of Directors of the Company.

OBJECTIVE:

The Nomination and Remuneration/Compensation Committee and this Policy shall be in accordance with the provisions of Section 178 of the Companies Act, 2013 read with any other applicable rules and regulation thereunder. The objective of this policy is in relation to remuneration of Directors, KMP, senior management and other Employees of the Company. The Key Objectives of the Committee are as follows:

- i. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.

- ii. To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
- iii. To formulate the criteria for evaluation of Independent Director and the Board.
- iv. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- v. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- vi. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- vii. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- viii. To develop a succession plan for the Board and to regularly review the plan.
- ix. To assist the Board in fulfilling responsibilities.
- x. To Implement and monitor policies and processes regarding principles of corporate governance.

APPLICABILITY:

The applicability of the aforesaid provisions is on the following:

- a) Directors
- b) Key Managerial Personnel
- c) Senior Management Personnel;
- d) Other Employees

DEFINITIONS:

“Act” means the Companies Act, 2013 and Rules framed there under, as amended from time to time.

“Board” means Board of Directors of the Company.

“Directors” mean Directors of the Company.

“Key Managerial Personnel” 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; and
- iv. such other officer as may be prescribed.

“Other employees” mean all employees other than the Directors, KMPs and the Senior Management Personnel.

“Policy or This Policy” means, “Nomination and Remuneration Policy.”

“Senior Management” means Senior Management means the 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.

APPOINTMENT CRITERIA AND QUALIFICATIONS:

a) The Committee shall identify and ascertain the 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 accordingly.

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 are sufficient / satisfactory for the concerned position or not.

c) The Company shall not appoint or continue the employment of any person as a Managing Director / Whole-time Director / Executive 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.

TERM / TENURE:

a) *MANAGING DIRECTOR/WHOLE-TIME DIRECTOR:*

The Company shall appoint or re-appoint any person as its Executive Director, Managing Director and CEO or Whole-time 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. At the time of appointment of Independent Director, it should be ensured that the number of Boards on which such Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time (Executive) Director of a listed company.

EVALUATION:

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

REMOVAL:

Due to reasons for any disqualifications mentioned in the Companies Act, 2013, rules and regulations 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, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

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 in 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.

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.

POLICY RELATING TO REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES:

1. The Remuneration/Compensation/ Commission etc. to be paid to Directors will be determined by the Committee and recommended to the Board for approval.
2. The remuneration and Commission to be paid to Managing Director shall be in accordance with the provisions of the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.
3. The Non-Executive Independent Director may receive remuneration/ compensation/commission as per the provisions of the Companies Act, 2013. The amount of sitting fees shall be subject to limits as provided under the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.
4. Apart from the Directors, KMPs and Senior Management Personnel, the remuneration for rest of the employees is determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity and market conditions.
5. The annual increments to the remuneration structure may be recommended by the Committee to the Board. Decision on Annual Increments shall be made on the basis of this appraisal.

NOMINATION DUTIES:

The duties of the Committee in relation to nomination matters include:

- Ensuring that on appointment to the Board, Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Companies Act, 2013;
- Identifying and recommending Directors who are to be put forward for retirement by rotation.
- Determining the appropriate size, diversity and composition of the Board;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.

- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board.
- Considering any other matters as may be requested by the Board.

REMUNERATION DUTIES:

The duties of the Committee in relation to remuneration matters include:

- To consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- To approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- To delegate any of its powers to one or more of its members or the Secretary of the Committee
- To consider any other matters as may be requested by the Board;

REVIEW AND AMENDMENT:

1. The NRC or the Board may review the Policy as and when it deems necessary.
2. 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. However, no such amendment or modification will be binding on the Directors and employees unless the same is communicated in the manner described as above.