



REMUNERATION POLICY

Zodiac Clothing Company Limited

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REMUNERATION POLICY

1. Purpose of this Policy:

Zodiac Clothing Company Limited (“Zodiac” or the “Company”) has adopted this Policy on appointment and remuneration of the Directors, Key Managerial Personnel and Senior Management personnel (the “Policy”) as required by the provisions of Section 178 of the Companies Act, 2013 (the “Act”) and the listing agreement as amended from time to time. 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 should ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and Senior Management 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 and the Rules framed thereunder, as amended from time to time.
- Applicable Laws means applicable provisions of the Act and the SEBI Regulations.
- Independent Director means a director referred to in Section 149(6) of the Companies Act, 2013 and the Regulation 16 of SEBI (LODR), as amended from time to time.
- Key Managerial Personnel (the “KMP”) shall mean “Key Managerial Personnel” as defined in Section 2(51) of the Companies Act, 2013.
- 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 Regulation 16 of SEBI (LODR).
- 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” shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the

members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.]

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 there under 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 SEBI Regulations, 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 KMP 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:

A. 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 Managing / Wholetime Director) 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 Managing / Wholetime Director) or Senior Management, the Managing Director is authorised to identify and appoint a suitable person for such position. However, if the need be, the Managing Director may consult the Committee / Board for further directions / guidance.

B. TERM:

The Term of the Directors including Managing / Wholetime Director / Independent Director shall be governed as per the provisions of the Act and Rules made there under and SEBI (LODR) Regulations 2015, as amended from time to time. Whereas the term of the KMP (other than the Managing / Wholetime Director) and Senior Management shall be governed by the prevailing HR policies of the Company.

C. EVALUATION:

The Committee shall carry out evaluation of performance of every Director. The Committee shall lay down the evaluation criteria which will evaluate Directors based on knowledge to perform the role, time and level of participation, performance of duties, 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.

D. REMOVAL:

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations there under 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.

E. REMUNERATION OF MANAGING / WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT:

The remuneration / compensation / commission, etc., as the case may be, to the Managing / Wholetime Director will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission, etc., as the case may be, shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required and shall be in accordance with the provisions of the Act and Rules made there under. Further, the Managing Director of the Company is authorised to decide the remuneration of KMP (other than Managing / Wholetime Director) and Senior Management, and shall be decided by the Managing Director based on the standard market practice and prevailing HR policies of the Company.

F. REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTOR:

The remuneration / commission / sitting fees, as the case may be, to the Non-Executive / Independent Director, shall be in accordance with the provisions of the Act and the Rules made there under for the time being in force or as may be decided by the Committee / Board / shareholders. An Independent Director shall not be entitled to any stock option of the Company unless otherwise permitted in terms of the Act and SEBI (LODR) Regulations 2015, as amended from time to time.

Annexure A

PERFORMANCE EVALUATION

PROCEDURE

The evaluation scale is a simple three point scale i.e. Surpasses Expectations (3), Meets Expectations (2) and Below Expectations (1).

Appraisal of each Director of the Company by the other Directors shall be based on the criteria as mentioned herein below;

Rating Scale:

Performance	Scale
Surpasses Expectations	3
Meets Expectations	2
Below Expectations	1
Not Applicable	N.A.

Some of the specific issues and questions that should be considered in the **performance evaluation of an Independent Director**, (the exercise in which the concerned director being evaluated shall not be included) by the Board are set out below:

Sr. No.	Performance evaluation criteria	Rating (1, 2, 3, N.A.)	Director	Comment
I.	Performance evaluation of the Independent Directors:			
1.	Understanding of the Company and the external environment in which it operates and contribution to strategic direction.			
2.	Has an understanding of the key risks facing the Company			

3.	Objective evaluation of Board's performance, rendering independent, unbiased opinion			
4.	Attendance and participations in the Meetings and timely inputs on the minutes of the meetings			
5.	Adherence to ethical standards & code of conduct of Company and disclosure of non – independence, as and when it exists and disclosure of interest			
6.	Has knowledge and familiarity with the business of the Company			
7.	Raising of valid concerns to the Board and constructive contribution to resolution of issues at meetings			
8.	Interpersonal relations with other directors and management			
9.	Has maintained confidentiality of all information obtained in the capacity of an Independent Director.			
10.	Has provided timely declaration to the Company as required by Sections 149(6) and 149(7) of Companies Act 2013 i.e. he / she meets the criteria of independence prescribed in Section 149(6).			
11.	Has intimated the Company immediately if there are any issues relating to Independence.			
12.	Has not abused his/her position for gaining any personal benefit either for himself or any person related.			
13.	No litigation pending relating to issues of integrity.			
14.	Has an understanding of the key policies of the Company			
15.	Safeguarding interest of whistle-blowers			

	under vigil mechanism and Safeguard of confidential information			
16.	Has complied with the Code of Conduct, principle of Ethics and prescribed Prohibition of Insider Trading Code under SEBI Laws			

Some of the evaluation criteria should be considered in the process of **performance evaluation of Board's Committees by the Board** are set out follow.

Sr. No.	Performance evaluation criteria	Rating				Comment
		1	2	3	N.A.	
I.	Performance Evaluation of Board's Committees:					
1.	Whether the requisite Board's Committees that is (i) Audit Committee, (ii) Stakeholders Relationship Committee, (iii) Nomination and Remuneration Committee (iv) Corporate Social Responsibility Committee, (v) Investment Committee, (vi) Forex Committee and (vii) Risk Management Committee, ("Board Committees") is formed as prescribed under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 has been duly formed by the Board.					
2.	Does each Board Committee have adequate and appropriate written terms of reference.					
3.	Does the Committee work in an 'inclusive' manner or has it, for example, resulted in executive directors not involved in the respective Committee feeling distanced from those matters covered by the Committee's area of activity.					
4.	Whether the Board Committees are effective in discharging its functions					
5.	Whether Board's Committees are functioning independently and acting diligently in its advisory role to the Board					
6.	Whether the Board Committees inculcate positive perspectives in the Company to uphold and execute the good corporate governance practices					