



## **NOMINATION & REMUNERATION POLICY**

### **I. Regulatory Framework**

Section 178 of the Companies Act, 2013 read with the applicable Rules thereto and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (together referred to as “Applicable Laws”) require the Nomination and Remuneration Committee (“the Committee”) of **Orbit Exports Limited** (“the Company”) to recommend to the Board of Directors a policy, relating to the appointment, removal and remuneration of the directors, key managerial personnel and other employees and to devise a policy on Board diversity.

### **II. Purpose**

This Policy shall provide guidelines and restrictions with regards to the appointment and remuneration of Directors, Key Managerial Personnel and other senior employees for fulfillment of their employment obligations within the Company.

### **III. Objectives**

The objective of this Policy is to ensure that:

- a. All Directors and Executives of the Company are recognized and rewarded for their performance in a fair and equitable manner;
- b. To ensure that remuneration paid to Directors and Executives is competitive, enabling the Company to attract and retain employees capable of meeting the Company’s needs and service delivery obligations; and
- c. To reward Directors and Executives for achieving pre-determined Company, Departmental as well as personal/individual performance targets and goals.

### **IV. Categories of Employees provided under this Policy:**

- Directors which includes Whole Time or Executive Directors and Non-Executive or Independent Directors.
- Key Managerial Personnel as defined under Section 2 (51) of the Act.
- Senior Management i.e. the employees designated as Vice-President and above (normally include the first layer of the management below the Board level).
- “Key Managerial Personnel”, in relation to a company, means –
  - (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; and
  - (v) such other officer as may be prescribed.

## **V. Role of the Committee**

The role of the committee shall, inter-alia, include the following:

- a. To guide the Board in relation to appointment and removal of Directors, KMP and Senior Management;
- b. 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, KMP and other employees;
- c. Formulation of criteria for evaluation of Independent Director and the Board of Directors;
- d. To evaluate the performance of the Members of the Board;
- e. To recommend to the Board on Remuneration payable to the Directors, KMP and Senior Management;
- f. To provide to KMP and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations;
- g. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- h. To devise a policy on Board diversity.
- i. To formulate, implement and administer Employee Stock Option Scheme(s) of the Company and grant stock options to the employees.
- j. To decide whether to extend or continue the term of appointment of the independent director on the basis of report of performance evaluation of independent director.

## **VI. Membership of the Committee**

- a. The Committee shall comprise of at least Three (3) Directors, all of whom shall be Non-executive Directors and at least half shall be Independent. The Chairman of the Company (whether executive or non-executive) may be appointed as a Member of the Committee.
- b. The Board shall reconstitute the Committee as and when required to comply with the provisions of the Act and Listing Regulations and such other applicable statutory requirement.
- c. Minimum Two (2) Members or one third of the members of the Committee, whichever is greater, including at least one independent director in attendance shall constitute a quorum for the Committee meeting.
- d. Membership of the Committee shall be disclosed in the Annual Report.
- e. Term of the Committee shall be continued unless terminated by the Board of Directors.

## **VII. Appointment and Removal of Director, KMP and Senior Management**

### **A. Appointment criteria and qualifications:**

- 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 on the basis of criteria laid down from time to time.

- 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 Committee should make sure that appointment of Independent Directors is subject compliance of provisions of Section 149 of the Companies Act, 2013, read with Schedule IV and rules there under.
- iv. 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 of Appointment**

### **a) Managing Director/ Whole Time Director**

The Company shall appoint or re-appoint any person as its Chairman & Managing Director, Joint Managing Director or Executive Director 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 such term which should not exceed a maximum of five consecutive years on the Board of the Company, as may be recommended by the Committee and approved by the Board and shareholders 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, 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 number of Boards on which such Independent 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 Director of a listed Company or such prescribed period by the Statutory Authority from time to time.

### C. Evaluation

The Committee shall carry out evaluation of performance of every Director atleast once in a year regular interval (yearly). The criteria of such an evaluation may be considered as under:

<b>Non-Executive Directors</b>	<b>Executive Directors</b>	<b>Senior Management/ KMP</b>
Attendance in the Board and/or Committee meetings.	Efforts in promoting and expanding the business.	Achievement of Goals / KRA's assigned to him/her.
Positive attitude and promptness.	Implementation of policies and procedures as set out by the Board.	Demonstrated understanding of his/her area of operation
Raising of valid concerns to the Board and constructive contribution to resolution of issues at meetings	Contribution towards growth of the Company including actual vis-à-vis budgeted performance.	Person of integrity and credibility
Contribution in improving financial and other functions of the Company.	Ensuring smooth business operations across all the units of Company.	Excellent communication skills
Adherence to ethical standards & code of conduct of Company and disclosure of non - independence, as and when it exists and disclosure of interest	Leadership initiative, like new ideas and planning towards growth of the Company and steps initiated towards Branding of the Company.	Competence and Leadership abilities
Contribution in improving financial and other functions of the Company.	Clear sense of values and integrity.	Pro-activeness and seriousness in achieving the desired results
Objective evaluation of Board's performance, rendering independent, unbiased opinion.	Controlling of various functions across the Company and ensuring their proper functioning.	Decision making abilities
Understanding of laws having impact on Company's business and Textile industry as a whole.	Efficiently managing the human resources of the Company.	

#### **D. Removal**

Due to reasons for any disqualification mentioned in the Act, rules made there under 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 subject to the provisions and compliance of the said Act, rules and regulations.

#### **E. Retirement**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and rules made there under 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.

### **VIII. Provisions regarding payment of Remuneration to the Managing Director/Whole- time Directors, KMP and Senior Management Personnel**

#### **a. General:**

- i. The remuneration / compensation / commission etc. to Managerial Person, KMP and Senior Management will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and such other approval, wherever required;
- ii. The remuneration / perquisite/ commission etc. shall be in accordance with the percentage / slabs / conditions laid down in the Companies Act, 2013 and Listing Regulations, and the rules made there under for the time being in force;
- iii. 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 Managing Director/ Whole Time Director. The decision of the Committee as to increment shall be final.
- iv. Where any insurance is taken by the Company on behalf of its Managerial Person, KMP and for Senior Management for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

#### **b. Remuneration to the Managing Director/ Whole-time Directors, KMP and Senior Management Personnel**

##### **1. Remuneration**

The Managing Director/ Whole-time Directors 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 break-up of the pay scale, performance bonus / commission and quantum of perquisites including, employer's

contribution to P.F, pension scheme, medical expenses, club fees etc. 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.

**2. Provisions for Excess Remuneration**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Act. If any Managerial Person draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without such approval, wherever required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.

**c. Remuneration to Non-Executive Directors (including Independent Directors)**

**1. Remuneration/Commission:**

The remuneration/commission, if any, shall be in accordance with the statutory provisions of the Act and the rules made there under for the time being in force.

**2. Sitting Fees:**

The Non-Executive Directors (including Independent Directors) of the Company shall be paid sitting 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 Act, per meeting of the Board or Committee or such amount as may be prescribed by the Board from time to time.

**3. Stock Options**

Pursuant to the provisions of the Act, an Independent Director shall not be entitled to any stock option of the Company.

**4. Insurance**

Where any insurance is taken by the Company on behalf of its Non-Executive Directors (including independent directors) for indemnifying any of them against any liability in respect of a deed for which they may be held guilty in relation to the Company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such Non-Executive Directors (including independent directors).

**d. Remuneration to KMP and Senior Management Personnel**

The KMP and Senior Management Personnel of the Company shall be paid monthly remuneration as per their appointment terms, Increment Letters and Company's HR policies. The Committee may direct restructure of their Salary in such

manner as it may deem fit and proper. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F., pension scheme, medical expenses, club fees etc. shall be as per the Company's HR policies.

The KMP and Senior Management Personnel may also be issued Employees Stock Options to reward them for their performance and to motivate and retain them.

**IX. Frequency of Meetings**

The meeting of the Committee shall be held at least once in a year.

**X. Minutes of Committee Meeting**

Proceedings of all meetings must be minuted 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.

**XI. Committee Members' Interests**

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

**XII. Voting**

- a) 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.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

**XIII. Amendments to the Policy**

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant Statutory authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

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