



NOMINATION AND REMUNERATION POLICY ZICOM ELECTRONIC SECURITY SYSTEMS LIMITED

A. INTRODUCTION:

The Company has always considered human resources as its invaluable assets and consistently works towards harmonizing the aspirations of its employees with that of the goals of the Company.

Pursuant to Section 178 of the Companies Act, 2013 (“Act”) and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”), the Board of Directors of every listed public company shall constitute the Nomination and Remuneration Committee.

The Nomination and Remuneration Policy (“the Policy”) as per the requirements of Section 178 of the Companies Act, 2013 & Regulation 19 of SEBI LODR has been formulated with the object of enhancing competencies of the Board and attracting as well as retaining talented employees for role of Key Management Personnel / Senior Management.

Scope of the Policy / Applicability:

The Committee has adopted the following criteria for selection of candidates eligible to be appointed in the senior management and other employees of the Company and also member on the Board of Directors and the Executive Directors of the Company.

B. OBJECTIVES:

1. To formulate criteria, including qualifications, positive attributes, etc. for appointing Directors, Key Managerial Personnel and Senior Management, in accordance with the provisions prescribed under the Companies Act 2013, Rules made thereunder and SEBI LODR.
2. To guide the Board in relation to the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
3. To recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
4. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
5. To formulate criteria for evaluation of performance of Independent Directors and the Board of Directors.

C. DEFINITIONS:

1. “**Act**” means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
2. “**Board**” means Board of Directors of the Company.



3. “**Committee**” means Nomination and Remuneration Committee.
4. “**Company**” means Zicom Electronic Security Systems Limited.
5. “**Directors**” mean members of the Board of Directors of the Company.
6. “**Independent Director**” means a director referred to in Section 149(6) of the Companies Act, 2013.
7. “**Key Managerial Personnel**” means
 - a) Chief Executive Officer or the Managing Director or the Manager;
 - b) Whole-time director;
 - c) Chief Financial Officer;
 - d) Company Secretary; and
 - e) Such other officer as may be prescribed.
8. “**Senior Management**” means personnel of the Company who are members of its core management team excluding the Board of Directors comprising all members of management one level below the Executive Directors, including the functional heads.

D. INTERPRETATION OF POLICY:

In this Policy, words importing the masculine shall include feminine and words importing singular shall include the plural or vice versa. Any other term referred in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, Rules made thereunder, SEBI LODR and other SEBI Regulations as amended from time to time.

Effective Date: This Policy shall become effective from the date of adoption by the Board.

E. ROLE OF COMMITTEE:

The Committee shall:

1. Formulate criteria for determining qualifications, positive attributes and independence of a Director.
2. Formulate criteria for evaluation of Independent Directors and the Board.
3. Carry out evaluation of every Director’s performance.
4. Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this Policy.
5. Recommend to the Board the appointment and removal of Directors and Senior Management.
6. Devise a policy on Board diversity.
7. Recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel, Senior Management, and other employees.
8. To perform such other functions as may be necessary or appropriate for the performance of its duties.



Nomination and Remuneration Committee shall ensure the following while formulating the Policy:

- (a) 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;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) remuneration to 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

F. MEMBERSHIP:

1. The Committee shall comprise of minimum three (3) Non-Executive Directors, of which at least half shall be Independent directors.
2. Minimum two (2) members shall constitute a quorum for the Committee meeting; atleast one (1) Independent Director shall be present at the meeting.
3. Term of the Committee shall be continued unless terminated by the Board of Directors.
4. Membership of the Committee shall be disclosed in the Annual Report.

G. CHAIRMAN:

1. Chairman of the Committee shall be an Independent Director.
2. Chairman of the Company may be appointed as a member of the Committee but shall not Chair the Committee.
3. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
4. Chairman of the Nomination and Remuneration Committee may be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

H. MEETING:

The Nomination and Remuneration Committee shall meet at least once in a year.

I. COMMITTEE MEMBER'S INTERESTS:

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

J. SECRETARY:

The Company Secretary shall act as Secretary of the Committee.

K. VOTING:

1. 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.
2. In the case of equality of votes, the Chairman of the meeting will have a casting vote.

L. APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT:

1. Criteria for Appointment:

- a) To identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Key Managerial Personnel or at Senior Management level and recommend appointment to the Board.
- b) To ensure that the candidate possess adequate qualification, expertise and regional and industry experience for the position he 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.
- c) To appoint such person as an Independent Director who fulfils all the criterion of independence as mentioned under Section 149(6) of the Companies Act, 2013 and SEBI LODR.
- d) To decide on not to appoint or discontinue the employment of any person as Managing Director / Whole-time Director / Manager who has attained the age of seventy (70) years. Provided that the term of the person holding this position may be extended beyond the age of seventy (70) 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 (70) years.
- e) To consider the extent to which the candidate is likely to contribute to the overall effectiveness of the Board, work constructively with the existing Directors and enhance the efficiencies of the Company.
- f) To judge the skills and experience that the candidate brings to the role of Key Managerial Personnel / Senior Management and how such candidate will enhance the productivity and competency of the Company.
- g) To consider the skills and experience that the candidate brings to the role of Director and how such candidate will enhance the skill sets and experience of the Board as a whole.
- h) To consider the nature of existing positions held by the candidate including directorships or other relationships and the impact they may have on the candidate's ability to exercise independent judgment.

2. Term:

- a) Managing Director / Whole time Director:
The Company shall appoint or re-appoint any person as its Managing Director or Executive Director for a term not exceeding five (5) years at a time. No re-appointment shall be made earlier than one (1) year before the expiry of the term.

b) Independent Director:

- An Independent Director shall hold office for a term up to five (5) 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 (2) consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three (3) years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three (3) years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for five (5) years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he shall be eligible for appointment for one more term of five (5) years only.
- 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 (7) listed companies as an Independent Director and three (3) listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

3. Evaluation:

The Committee shall evaluate the performance of every Director, Board Committees, Key Managerial Personnel and Senior Management on yearly basis.

4. Removal:

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, Key Managerial Personnel or Senior Management due to reasons for any disqualification mentioned in the Companies Act, 2013, Rules made thereunder or under any other applicable Act, rules and regulations or wherever the Committee deems so in the best interest of the Company.

5. Retirement:

The Director, Key Managerial Personnel and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, Key Managerial Personnel, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company, subject to compliance with the prescribed requirements and procedure.



6. Notice of Termination and Severance Pay Policy:

- A. For Executives resident in India, the termination period from the Company will be of six (6) months. In addition thereto, the Executive, provided that termination has been made by the Company, will be entitled to a maximum severance pay of six months' salary inclusive of the value of variable remuneration and other fixed entitled benefits. Executives resident outside India or resident in India but having a material connection to or having been resident in a country other than India may be offered notice periods for termination and severance payment that are competitive in the country where the Executives are or have been resident or to which the Executives have a material connection, preferably solutions comparable to the solutions applied to Executives resident in India.
- B. For Key Managerial Personnel and Senior Management, the termination period from the Company will be as per the Company's policy.

M. REMUNERATION TO MANAGING DIRECTOR / KEY MANAGERIAL PERSONNEL / SENIOR MANAGEMENT:

1. Fixed Salary:

Managing Director, Key Managerial Personnel and Senior Management shall be eligible for monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the provisions of the Companies Act, 2013, and Rules made thereunder for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F., pension, medical expenses, etc. shall be decided and approved by the Board on the recommendation of the Committee; and further approved by the shareholders and Central Government, wherever required.

2. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to the Managing Director/Whole-time Directors/Manager in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

3. Excess Remuneration:

If Managing Director/Whole-time Directors/Manager draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.



N. REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTOR:

1. Remuneration / Commission:

The remuneration / commission shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

2. 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.

3. Limit of Remuneration / Commission:

Remuneration / commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

4. Stock Options:

An Independent Director shall not be entitled to any stock option of the Company, unless otherwise permitted by the Act and other applicable statutory provisions.

O. NOMINATION AND REMUNERATION COMMITTEE DUTIES:

1. To ensure that appropriate induction is provided to new Directors and members of Senior Management and review its effectiveness.
2. To ensure that, on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the provisions of the Companies Act, 2013.
3. To identify and recommend Directors eligible for retirement by rotation.
4. To determine the appropriate size, diversity and composition of the Board, subject to the applicable statutory provisions.
5. To set a formal and transparent procedure for selecting new Directors for appointment to the Board.
6. To develop and regularly review succession plan for the Board and Senior Management.
7. To evaluate the performance of the Board and Senior Management with the Company's performance from business and compliance perspective.
8. To make 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 provisions of the law and their service contract.
9. To consider and determine the Remuneration Policy for Board and Senior Management.

(This Policy was approved by the Board of Directors at its Meeting held on February 10, 2015 and first modification approved at its Meeting held on February 12, 2019)