

JIK INDUSTRIES LIMITED

NOMINATION AND REMUNERATION POLICY

I. APPLICABILITY

This Policy shall be effective from July 30, 2020.

II. PREAMBLE

Pursuant to Section 178 of the Companies Act, 2013 and the Rules framed thereunder as amended (“**Act**”) and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“**Listing Regulations**”), the Board of Directors of every listed company is required to constitute the Nomination and Remuneration Committee.

III. OBJECTIVE

In order to comply with the requirements of Section 178 of the Act and Regulation 19 of the Listing Regulations and any other applicable provisions, the Nomination and Remuneration Committee of the Board of Directors of the Company (“**Committee**”) had formulated this policy (“**Policy**”).

The key objectives of the Policy are as follows:

- a. To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive / Non-Executive).
- b. To recommend to the Board of Directors of the Company (“**Board**”), policies relating to the remuneration (**payable in whatever form**) of the Directors, Key Managerial Personnel and other employees.
- c. To formulate criteria for evaluation of performance of Independent Directors and the Board of Directors.
- d. To devise a policy on diversity of the Board of Directors.
- e. To determine whether to extend or continue the term of appointment of the Independent Director(s), on the basis of the report of performance evaluation of Independent Directors.

IV. DEFINITIONS

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

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- c. **“Directors”** shall mean Directors of the Company.
- d. **“Key Managerial Personnel” (KMP)** 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;
 - (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
 - (vi) such other officer as may be prescribed.
- e. **“Senior Management”** shall mean officers/personnel of the listed entity 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 and shall specifically include Company Secretary and Chief Financial Officer.
- f. **“Independent Director”** means a director referred to in Section 149(6) of the Act.

V. **Appointment and Removal of Directors, KMPs 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 Senior Management 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 the discretion to decide whether qualifications, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- iii. The Company shall not recommend or appoint or continue the employment of any person as the Managing Director, Whole-time director or Manager within the meaning of the Act, who has attained the age of 70 (seventy) years. Provided that the appointment of such a person who has attained the age of 70 (seventy) years shall be made with the approval of the Shareholders by passing a special resolution, based on the explanatory statement annexed to the notice for the Meeting of the Shareholders for such motion indicating the justification for appointment or extension of appointment beyond the age of 70 (seventy) years.

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B. Term/Tenure:

i. Managing Director/Whole-time Director:

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

C. Independent Director:

- i. An Independent Director shall hold office for a term up to 5 (five) consecutive years on the Board 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.
- ii. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of 3 (three) years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of 3 (three) years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- iii. At the time of appointment of Independent Director(s) it should be ensured that number of Boards on which such Independent Director serves is restricted to 7 (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 other number as may be prescribed under the Act or the Listing Regulations.

D. Evaluation:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management yearly or at such intervals as may be considered necessary.

The evaluation of independent directors shall be done by the entire board of directors which shall include –

- ❖ performance of the directors; and
- ❖ fulfillment of the independence criteria as specified in these regulations and their Independence from the management.

Provided that in the above evaluation, the directors who are subject to evaluation shall not participate.

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E. Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable law, rules and regulations, thereunder, the Committee may recommend, to the Board with reasons to be recorded in writing, removal of a Director, KMP or Senior Management, subject to the provisions and compliance of the said Act, such other applicable law, rules and regulations.

F. Retirement:

The Directors, KMP and Senior Management 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 in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

G. Policy relating to the Remuneration for Directors, KMP and Senior Management:

- i. The remuneration / compensation / commission etc. to be paid to Directors, KMP and Senior Management will be determined by the Committee and recommended to the Board for approval.
- ii. The remuneration / compensation / commission etc. to be paid to Managing Directors and Whole Time Director shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.
- iii. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the Shareholders of the Company, wherever required.

H. Remuneration to Managing Director / Whole Time Director / KMP and Senior Management:

- i. The Managing Director / Whole Time Director / KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee.

ii. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director / Whole Time Director in accordance with the provisions of Section 197 of the Act and Schedule V to the Act.

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I. Remuneration to Non- Executive / Independent Director:

i. Remuneration / Commission:

The remuneration / commission shall be in accordance with the statutory provisions of the Act and the Rules made thereunder for the time being in force.

ii. Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of the 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 Central Government from time to time.

iii. Stock Options:

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

VI. MEMBERSHIP

- a. The Committee shall comprise of at least (3) Directors, all of whom shall be non-executive Directors and at least half shall be Independent Directors.
- b. The Board shall reconstitute the Committee as and when required to comply with the provisions of the Act and the Listing Regulations.
- c. The quorum for the Meeting of the Nomination and Remuneration Committee shall either be two members or one third of the total strength of the Committee, whichever is higher (including at least two independent directors in attendance).
- 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. CHAIRPERSON

- a. Chairperson of the Committee shall be an Independent Director.
- b. Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- c. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

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- d. Chairman of the Nomination and Remuneration Committee meeting could be present at the annual general meeting or may nominate some other member to answer the shareholders' queries.

VIII. **FREQUENCY OF MEETINGS**

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

IX. **SECRETARY**

The Company Secretary of the Company shall act as Secretary of the Committee.

X. **MINUTES OF COMMITTEE MEETING**

Proceedings of all Meetings must be minuted and signed by the Chairperson of the Committee at the subsequent Meeting. Minutes of the Committee Meetings will be tabled at the subsequent Board and Committee Meeting.

XI. **AMENDMENT**

Any change in the Policy shall be approved by the Board of Directors or any of its Committees (as may be authorized by the Board of Directors in this regard). The Board of Directors or any of its authorized Committees shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board or its Committee in this respect shall be final and binding.

Any subsequent amendment / modification in the Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.