

## JAYASWAL NECO INDUSTRIES LIMITED

### REMUNERATION POLICY

#### 1. INTRODUCTION:

The Board of Directors (the “Board”) of Jayaswal Neco Industries Limited (the “Company”) has adopted this Policy on appointment and remuneration of the Directors, Key Managerial Personnel ('KMP'), Senior Management and other employees ('the Policy') as required under the provisions of Section 178 of the Companies Act, 2013 ('the Act') and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### 2. Definitions:

**Independent Director** means a director as defined and referred to in Section 2 (47) and 149(6) respectively of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

**Key Managerial Personnel** (the “KMP”) shall mean Key Managerial Personnel as defined in Section 2(51) of the Act.

**Senior Management** shall mean officers and personnel of the listed entity who are members of its core management team, excluding Board of Directors, and shall also comprise all members of 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.

**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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**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.

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 thereunder or in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or the Accounting Standards shall have the meanings assigned to them in these regulations.

### **3. PURPOSE**

The purpose of this Policy is to establish and govern the procedure:

- i) to ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and Senior Management of the Company.
- ii) to ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- iii) to ensure that the 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.
- iv) to evaluate the performance of the members of the Board.

### **4. APPOINTMENT CRITERIA AND QUALIFICATION:**

#### **i) For Non-Executive Directors**

- a. The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.
- b. The Nomination and Remuneration Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director:
  - i. Qualification, expertise and experience of the Directors in their respective fields;
  - ii. Personal, Professional or business standing;
  - iii. Diversity of the Board.
- c. In case of appointment of Independent Directors, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
  - a. use the services of an external agencies, if required;
  - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - c. consider the time commitments of the candidates.

- d. The Nomination and Remuneration Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- e. In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

**ii) For Executive Directors including Managing/Whole-time Director, Key Managerial Personnel (KMP) and Senior Management Personnel**

For the purpose of selection, the Nomination and Remuneration Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board.

The Nomination and Remuneration Committee shall recommend to the Board, all remuneration, in whatever form, payable to senior management.

The Nomination and Remuneration Committee will also ensure that the incumbent fulfills such other criteria as laid down under the Companies Act, 2013 or other applicable laws.

**5. REMUNERATION:**

**i) For Non-Executive Directors**

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees and reimbursement of expenses for participation in the Board / Committee meetings as detailed hereunder:

By way of sitting fees as under:

Board Meeting - Rs.25000/- per Meeting\*.

Audit Committee Meeting - Rs.5000/- per Meeting\*.

Nomination and Remuneration Committee Meeting - Rs.5000/- per Meeting\*.

Corporate Social Responsibility Committee Meeting - Rs. 5000/- per Meeting\*.

*\* Subject to revision by the Board of Directors from time to time.*

**ii) For Remuneration of Executive Directors including Managing / Whole-time Director, KMP and Senior Management Personnel**

- a) The remuneration / compensation / commission etc., as the case may be, to the Executive Directors including the Managing / Whole time Director will be determined by the Nomination and Remuneration 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, wherever required and shall be in accordance with the provisions of the Companies Act, 2013 and Rules made thereunder.

Further, the appointment and initial remuneration of KMP (other than Managing/Whole-time Directors) and Senior Management Personnel shall be determined by the Nomination and Remuneration Committee based on the standard market practices and recommended to the Board for approval. The subsequent change in remuneration including increment/promotion, if any, of the KMP and Senior Management Personnel shall be as per the HR Policy of the Company in force from time to time.

- b) The remuneration of the Executive Directors including Managing Director/ Whole Time Directors is broadly divided into a fixed component consisting of salary, allowances and perquisites as per Rules of the Company (within the limits approved by the Board and subject to requisite statutory approvals, if any).

No sitting fee is payable to Executive Directors of the Company for attending the Meetings of the Board and its Committees.

### **iii) Remuneration to Other Employees**

The remuneration packages of other employees are also formulated in accordance with HR Policy of the Company in force from time to time. In addition to basic salary and other components forming part of overall salary package, employees are also provided with perquisites and retirement benefits as per the HR Policy of the Company and statutory requirements, where applicable.

## **6. TERM:**

The Term of the Directors including Managing / Whole time Director / Manager/ Independent Director shall be governed as per the provisions of the Companies Act, 2013 and Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

## **7. REMOVAL:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013 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, the Nomination and Remuneration Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel.

## **8. EVALUATION**

The Nomination and Remuneration Committee shall carry out evaluation of performance of Directors including the Independent Directors and the Board and its Committees yearly or at such intervals as may be considered necessary through questionnaire to judge the knowledge to perform the role, time and level of participation, performance of duties, professional conduct, independence etc. The appointment/re-appointment/continuation of

Directors on the Board shall be based on the outcome of the evaluation process.

The evaluation of the performance of Executive Directors will be done by Independent Directors. The results of the evaluation process shall be placed before the Board for its consideration.

## **9. POLICY ON BOARD DIVERSITY**

The Board of Directors shall comprise of Directors having expertise in different areas / fields like Finance, Sales and Marketing, Banking, Engineering, etc. or as may be considered appropriate. In designing the Board's composition, Board diversity has to be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. The Board shall have atleast one Board member who has accounting or related financial management expertise and atleast one woman director.

## **10. REVIEW OF THE POLICY:**

The Board and the Committee will review this Policy on a regular basis to ensure its effectiveness and also compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

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