

JNK INDIA LIMITED

NOMINATION, REMUNERATION AND EVALUATION POLICY

(Adopted by the Board on June 9, 2023)

REGULATORY FRAMEWORK

This policy (“**Policy**”) of JNK India Limited (“**Company**”) has been prepared in accordance with the Companies Act, 2013 (“**Act**”) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”), as amended from time to time.

Section 178 (3) of the Act and Regulation 19 read with Part D of Schedule II of Listing Regulations requires the Nomination and Remuneration Committee to formulate the criteria for determining qualifications, positive attributes and independence of a director, recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees, criteria for evaluation of performance, board diversity, identifying persons who are qualified to become directors and who may be appointed in senior management, etc.

The Nomination and Remuneration Committee (“**Committee**” or “**NRC**”) shall meet at least once in a year and among other functions, shall also review the Policy periodically and may amend the same from time to time, as deemed necessary.

This Policy on Selection, Appointment, Performance Evaluation and Remuneration (the “**Policy**”) applies to the Board of Directors (the “**Board**”) and the Key Managerial Personnel (the “**KMP**”) and “Senior Management Personnel” of the Company.

“**Key Managerial Personnel**” (KMP) means—

- (i) Managing Director;
- (ii) Whole-time Director/Executive Director
- (iii) Chief Financial Officer;
- (iv) Company Secretary, and
- (v) Such other Officer as may be prescribed.

“**Senior Management Personnel**” shall mean officers/personnel of the Company who are members of its core management team excluding Board of Directors and shall comprise of all the members of management one level below the Chief Executive Officer/Managing Director/Whole Time Director/Manager (including Chief Executive Officer/Manager, in case they are not part of the Board) and shall specifically include Heads of Corporate Functions such as Finance & Accounts, Human Resources, Marketing, Production, General Administration including the Company Secretary and Chief Financial Officer of the Company.

This Policy is in compliance with Section 178 of the Companies Act, 2013 read along with Listing Regulations.

1. Purpose

The primary objective of the Policy is to provide a framework and set standards for the selection, appointment, performance evaluation and remuneration of the Directors, KMPs and Senior Management Personnel. The Company aims to achieve a balance of merit, experience and skills amongst its Directors, KMPs and Senior Management Personnel.

2. Accountabilities

2.1 The Board is ultimately responsible for the appointment of Directors and KMPs.

2.2 The Board has delegated responsibility for assessing and selecting the candidates for the role of Directors and Key Managerial Personnel of the Company to the Nomination and Remuneration Committee which makes recommendations & nominations to the Board.

3. Appointment of Directors, KMPs and Senior Management Personnel

3.1 Enhancing the competencies of the Board and attracting as well as retaining talented employees for role of KMP and Senior Management Personnel are the basis for the Nomination and Remuneration Committee to select a candidate for appointment to the Board and as KMP and Senior Management Personnel. When identifying a candidate for appointment, the Nomination and Remuneration Committee considers the following:

- assessing the appointee against a range of criteria which includes but not be limited to qualifications, skills, regional and industry experience, background and other qualities required to operate successfully in the position, with due regard for the benefits from diversifying the Board;
- the extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company;
- the skills and experience that the appointee brings to the role of KMP;
- the nature of existing positions held by the appointee including Directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment;

The Nomination and Remuneration Committee shall then recommend the identified candidates for the position of Director and KMPs to the Board for final selection and appointment.

3.2 Selection Criteria:

The Nomination and Remuneration Committee shall formulate criteria for determining qualifications, positive attributes and independence of a Director, KMP and Senior Management Personnel based on the following:

- Demonstration of independence, integrity, high personal and professional ethics;
- Ability and willingness to commit sufficient time to the responsibilities as a Board member;
- Understanding of the Company's business and related industry;
- General understanding of marketing, finance, and other disciplines relevant to the business of the Company/Group;
- Educational and professional background – professional qualification and/or experience of having run a business at senior management and decision making level;
- Age giving sufficient experience as well as length of service available;
- Ability to assessment the conflict of interest, if any;
- Personal accomplishments and ability to influence decisions.
- Excellent interpersonal, communication and representational skills;
- Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace;
- Reputation, integrity, efficiency, expertise, insights and accomplishments in sectors or areas relevant to the Company's industry.

The above are the broad parameters for assessing the candidate's suitability. The Nomination and Remuneration Committee has the discretion to apply additional or different criteria as it may deem fit. The Nomination and Remuneration Committee may also consider the contributions that a board candidate can be expected to make to the collective functioning of the Board based upon the totality of the candidate's credentials, experience and expertise, the composition of the Board at the time, and other relevant circumstances.

3.3 Board Diversity:

The Nomination and Remuneration Committee shall assist the Board in ensuring Board nomination process with the diversity of gender, thought, experience, knowledge and perspective in the Board.

3.4 Regulatory Requirements

The Nomination and Remuneration Committee will keep in mind regulatory requirements in this regard. For example, a person cannot serve on more than seven listed company boards in addition to the Company.

Also a person who serves as the Managing Director/ Whole-time Director/ Chief Executive Officer (or equivalent position) of any company cannot serve on the Board of more than three additional public listed companies. The Company may appoint or re-appoint any person as the Managing Director and/or Whole-time Director for a term not exceeding five years at a time. Further, they shall not be reappointed earlier than one year before the expiry of their term.

An independent Director can hold office for a term up to five consecutive years on the Board of the Company and he is 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 can hold office for more than two consecutive terms of five years, but such Independent Director is 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.

The Nomination and Remuneration Committee shall also verify the compliance with eligibility criteria given under Companies Act, 2013 and Listing Regulations while considering the appointment of independent directors and KMPs.

3.5 Letters of Appointment

Each Director / KMP/ Senior Management Personnel is required to sign a letter of appointment, as acceptance of the offer, with the Company containing the terms of appointment and the role assigned in the Company.

4. Remuneration of Directors and KMPs and Senior Management Personnel

The guiding principle is that the level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate Directors, KMPs and Senior Management Personnel.

The Directors remuneration and KMPs and Senior Management Personnel's salary shall be based & determined on the individual person's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any.

The Nominations & Remuneration Committee determines individual remuneration packages for Directors, KMPs and Senior Management Personnel of the Company taking into account factors it deems relevant, including but not limited to market, business performance and practices in comparable companies, having due regard to financial and commercial health of the Company as well as prevailing laws and government/other guidelines. The Committee consults with the Chairman of the Board as it deems appropriate.

Non-executive / independent Directors will be eligible for sitting fees for attending meetings of Board or NRC as fixed by the Board on the recommendation of the NRC in accordance with the provisions of the Act, and the rules made thereunder.

Commission may be paid subject to the limits as per the applicable provisions of the Act. In determining the quantum of commission payable to the Directors, the NRC shall make its recommendation after taking into consideration the overall performance of the Company and the responsibilities required to be shouldered by the Directors. The Commission shall be payable on pro-rata basis to those non-executive Directors who occupy the office for a part of the year or the number of meetings attended during the year.

The independent Directors shall not be entitled to participate in employee stock options scheme of the Company, if any.

5. Evaluation Process for Directors and KMPs:

The Company follows annual evaluation for its KMPs and other eligible employees including the Senior Management Personnel.

A process modelled on this method has been designed for evaluation of Directors. Under this process, the Nomination and Remuneration Committee will:

- help define criteria for evaluations
- formulate the process for evaluating and rating each Director
- design the evaluation templates/questionnaire and implementation process
- coordinate and collate feedback received from each Director
- analyse feedback received from each Director and prepare summary thereof
- share the evaluation summary with the Chairman of the Nomination and Remuneration Committee
- share the feedback with the Chairman of the Board

The above process will be implemented and controlled from the Chairman's office and the summary will be prepared without attributing any comment to the person who made it. Such summary of observations will be shared with the directors in confidence.

5.1 Key Evaluation Criteria

- Providing effective leadership and strategic guidance to the management
- Understanding the Business, including the Risks and regulatory landscape
- Attendance at, and active engagement in the discussion of business performance, competitive landscape and strategies
- Development and monitoring of leadership teams, Compliance focus and insistence on ethical business practices
- Nudging for long term focus areas such as Succession Planning, Business Continuity Planning etc.
- Management of conflicts in Board discussion
- Management of Conflict of Interest

Evaluation on the aforesaid parameters will be conducted by the independent Directors for each of the Executive/non-independent Directors in a separate meeting of the independent Directors.

The Executive Director/non-independent Directors along with the independent Directors will evaluate/assess each of the independent Directors on the aforesaid parameters. Only the independent Director being evaluated will not participate in the said evaluation discussion.

5.2 Remuneration of the Managing Director/ Whole-time Director and Executive Director is recommended by the Committee to the Board of the Company.

(i) Remuneration:

Base Compensation (fixed salaries) Must be competitive and reflective of the individual's role, responsibility and experience in relation to performance of day-to-day activities, usually reviewed on an annual basis; (includes salary, allowances and other statutory/non-statutory benefits which are normal part of remuneration package in line with market practices).

a) Variable salary:

The Nomination and Remuneration Committee may in its discretion structure any portion of remuneration to link rewards to corporate and individual performance, fulfilment of specified improvement targets or the attainment of certain financial or other objectives set by the Board. The amount payable is determined by the Committee, based on performance against pre-determined financial and non-financial metrics and statutory limits, if any.

(ii) Statutory Requirements:

- Section 197(5) of the Companies Act, 2013 provides for remuneration by way of a sitting fee to a director for attending meetings of the Board of Directors and Committee meetings or for any other purpose as may be decided by the Board.
- Section 197(1) of the Companies Act, 2013 provides for the total managerial remuneration payable by the Company to its Directors, including Managing director and Whole Time Director, and its Manager (if any) in respect of any financial year to not exceed eleven percent of the net profits of the Company computed in the manner laid down in Section 198 of the Companies Act, 2013 in the manner as prescribed under the Act.
- The Company with the approval of the Shareholders may authorise the payment of remuneration exceeding eleven percent of the net profits of the company, subject to the provisions of Schedule V.
- The Company may with the approval of the shareholders authorise the payment of remuneration upto five percent of the net profits of the Company to any one Managing Director/Whole Time Director/Manager and ten percent in case of more than one such official.
- The Company may pay remuneration to its directors, other than Managing Director and Whole Time Director upto one percent of the net profits of the Company, if there is a managing director or whole time director or manager and three percent of the net profits in any other case.
- The net profits for the purpose of the above remuneration shall be computed in the manner referred to in Section 198 of the Companies Act, 2013.
- The fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if-
 - (i) the annual remuneration payable to such executive director exceeds rupees 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or
 - (ii) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity:

5.3 The non-executive Directors and independent Directors will receive remuneration by way of sitting fees for attending meetings of the Board and/or Committee thereof, as decided by the Board from time to time subject to the limits specified under the Companies Act, 2013 (the Act) including any amendments thereto. In addition to the sitting fees, the non-executive and independent Directors may also be paid commission as may be determined by the Board subject to the limits specified under the Act. The remuneration of non-executive Directors and independent Directors will be governed by the role assumed, number of meetings of the Board and the committees thereof attended by the directors, the position held by them as the Chairman and member of the committees of the Board and overall contribution to the business. Besides these, the determination of remuneration of independent directors will also depend on the external competitive environment, track record, individual performance of the directors and performance of the Company as well as the industry standards.

5.4 The remuneration payable to the Directors shall be as per the Company's policy and shall be valued as per the Income tax Act.

5.5 The remuneration payable to the KMPs and Senior Managerial Personnel shall be as may be decided by the Nomination and Remuneration Committee having regard to their experience, leadership abilities, initiative taking abilities and knowledge base.

6. DISCLOSURE REQUIREMENTS

6.1 The Company shall disclose in its Corporate Governance Report, a chart or a matrix setting out the skills/expertise/competence of the board of directors specifying the following:

- a. The list of core skills/ expertise/ competencies identified by the board of directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board; and
- b. The names of directors who have such skills/ expertise/ competence.

6.2 The Company shall also disclose in its Corporate Governance Report a confirmation that in the opinion of the board, the independent directors fulfill the conditions specified in SEBI LODR and are independent of the management.

6.3 The Corporate Governance Report shall also include detailed reasons for the resignation of any independent director who resigns before the expiry of his or her tenure along with a confirmation by such director that there are no other material reasons other than those provided.

6.4 This policy shall be uploaded on the website of the Company.

6.5 The salient features of this policy and any changes made therein in brief along with a weblink to the policy shall be provided in the Board's Report.

7. AMENDMENT

7.1 Any amendment in this Policy may be carried out with the approval of the Board of Directors of the Company.

In case any amendment(s), clarification(s), circular(s) and guideline(s) issued by Securities and Exchange Board of India/Stock Exchanges, that is not consistent with the requirements specified under this Policy, then the provisions of such amendment(s), clarification(s), circular(s) and the guideline(s) shall prevail upon the requirements hereunder and this Policy shall stand amended accordingly effective from the date as laid down under such amendment(s), clarification(s), circular(s) and guideline(s). Such amendments shall be brought to the attention of the Board of Directors.