

# **Jai Corp Limited**

*Nomination & Remuneration Policy for Directors,  
KMPs & Senior Management*

**Preamble:**

Pursuant to the provisions of Section 178 (3) of the Companies Act, 2013 ('the Act') and Part D of the Schedule II to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") applicable with effect from 1st December, 2015 the Nomination and Remuneration Committee ("N&RC") is required, *inter alia*, to –

(i) formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to the remuneration for the directors, key managerial personnel and other employees;

(ii) formulate the criteria for evaluation of performance of independent directors and the board of directors;

(iii) devise a policy on diversity of board of directors

Pursuant to Section 178 (4) of the Act, the N&RC, while formulating this policy, is required to ensure that—

(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.

Accordingly, the N&RC has formulated the criteria and framed this policy in terms of the above statutory requirements.

The words and phrases used herein shall, unless the context otherwise admits, have the meaning assigned to them under the Act and/or the Listing Agreement.

This Policy shall supersede and wholly replace the existing "Nomination & Remuneration Policy for Directors, KMPs & Senior Management" of 4<sup>th</sup> February, 2015.

**Title**

This policy shall be called "**Nomination & Remuneration Policy for Directors, KMPs & Senior Management**".

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**(A) CRITERIA**

**(a) Qualifications of directors:**

(i) A candidate for executive directorship should possess administrative skills and functional experience or knowledge of the division or department entrusted to such director. The candidate should have strong attributes of a leader and inter-personal skills to deal with the Board, colleagues, peers and subordinates.

(ii) A non-executive director and an independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.

**(b) Process of selection to the Board/ extending invitation to a potential candidate:**

One of the roles of the N&RC is to periodically identify competency gaps in the Board, evaluate potential candidates as per the criteria stated above, ascertain their availability and make suitable recommendation to the Board.

In selecting a suitable candidate as an independent director the N&RC will also look into the data bank that is proposed to be set up pursuant to the provisions of Section 150 of the Act and the Rules made thereunder.

The N&RC shall also identify suitable candidates in the event of resignation, retirement or demise of an existing Board member. Based on the recommendation of the N&RC, the Board through its Chairman/ N&RC will then invite the prospective person to join the Board as a director.

In case the shareholders recommend any person as a director pursuant to the provisions of Section 151 of the Act and the Rules made thereunder, the N&RC shall consider that candidate and make suitable recommendation to the Board. The procedure pertaining to appointment of small shareholders' director laid down in Rule 7 of the Companies (Appointment and Qualification of Directors) Rules, 2014 will have to be adhered to.

**(c) Orientation and Induction:**

A new director will be given a formal induction and orientation with respect to the Company's vision, core values, business operations, corporate governance norms, financials etc. The Board will carry out a continuous education of its members.

In respect of independent directors, as required under Clause 49 of the Listing Agreement, the Company shall provide suitable training to independent directors to familiarize them with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc.

**(d) Succession Planning:**

The Board recognizes that a planned programme of recruitment and retirement amongst Board members and senior management is of paramount importance.

An important function of the Board is to ensure that there is adequate management development and succession planning at the top levels. Succession planning also involves an assessment of the challenges and opportunities facing the Company, evaluating the skill and expertise that will be needed in the future to help the Company grow.

The N&RC shall oversee this process of succession planning. The N&RC shall satisfy itself that the process and plans are in place for an orderly succession at the Board, key managerial personnel and at the senior management levels to maintain an appropriate balance of experience and skill.

**(e) Evaluation:**

In addition to the above, the N&RC shall also carry out evaluation of the independent directors, key managerial personnel and senior management.

As defined in the Explanation to Section 178 of the Act, the expression "senior management" means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

The annual appraisal assessment process of all employees including key managerial personnel and senior management has succession planning and employee progression as key attributes. The process is institutionalized in the Company's human resource framework.

The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

The performance evaluation of non-independent directors and the chairperson shall be done by the independent directors at their separate annual meeting.

**(B) POLICY**

**(a) Remuneration to Directors:**

The N&RC is, *inter alia*, required to oversee remuneration payable to directors.

The executive directors including managing directors are paid remuneration by way of salary, perquisites, contribution to provident fund, superannuation fund, gratuity, encashment of leave etc. as per the terms of agreement entered into with them and approved by the shareholders pursuant to the requirements of the Act.

Non-executive directors are paid a sitting fee for attending each Board and/or Committee meetings except for those committees where no sitting fee is payable to attend the meetings. Such fee shall be fixed by the Board of Directors on receiving recommendation in that respect from the N&RC. Shareholder's approval will be taken where the same is mandated by the provisions of the Act and/ or the Listing Agreement.

No commission is presently payable to the directors and the Company has presently not granted any stock option to its directors. The independent directors are not entitled to stock options as mandated by law.

**(b) Re-imbursment of expenses of non-executive directors:**

The Company recognizes that non-executive directors, particularly non-executive promoter directors, also play a vital role in the business of the Company. The non-executive promoter directors contribute their time, energy, and expertise in helping the Company garner business and run its operations successfully, thereby ultimately resulting in value addition to the Company.

It is fair that the expenses incurred by directors exclusively for the purposes of the Company be borne by the Company or be reimbursed to them. Payment may be made on their behalf either by the Company or be paid by them directly. Where the concerned director seeks to claim reimbursement, he/she is required to submit a claim along with relevant particulars in supporting of the expenses incurred.

The following is an illustrative list of expenses incurred, whether in India or abroad, in any currency that may be reimbursed by the Company-

1. Air/Train fare;
2. Hotel accommodation;
3. Meals for self and guests, where the concerned director is entertaining guests for business purposes of the Company;
4. Car rental;
5. Use of personal vehicle for official purpose.

**(c) Availing of outside professional advice:**

The Board and its Committees shall have the authority to obtain legal and other professional advice from external sources to assist in their decision making process. These professional advisors shall report directly to the Board or to the concerned Committee as the case may be. The fee and other related expenses of any such advisors shall be borne by the Company.

**(d) Appointment and remuneration to Key Managerial Personnel and Senior Management:**

It shall be the endeavor of the N&RC to identify suitable candidates to be appointed as Key Managerial Personnel (KMP) and in the position of senior management of the Company.

To be eligible for appointed as a KMP or in the rank of senior management, a person should possess adequate qualification commensurate with the designation and where required specific professional qualification depending upon the requirement of the post.

The compensation package will be commensurate with the seniority, experience and competence of the person and his/ her designation. While finalizing the remuneration, the N&RC shall take note of industry norms.

Annual increment shall be determined based upon individual performance relatable to the performance benchmarks as decided from time to time. The N&RC will be guided by recommendations of the management but not bound to follow the same. It may, at its own discretion and for sufficient reasons, deviate from the recommendations of the management as it may deem fit.

The overall endeavor shall be to attract and retain talent in the Company.

The N&RC shall, from time to time, identify the Company personnel in its core management team who are to be included within the ambit of the expression senior management.

**(e) General:**

The compensation package to directors, KMPs and senior management will generally be determined having regard to long term and short term performance objectives appropriate to the working of the Company, the Company's goals and will, accordingly, be a balanced combination of fixed salary, perquisites, incentive bonus and/or commission.

**Applicability:**

This Policy duly approved by the Board of Directors on 4<sup>th</sup> November, 2015, shall be applicable with effect from the 1<sup>st</sup> day of December, 2015 and any future amendments / modifications shall take effect from the date stated therein.

The policy is to be displayed on the website of the Company and a web link of the same shall be provided in the Annual Report.