

Jost's Engineering Company Limited

Nomination, Remuneration and Evaluation Policy

The Board of Directors at their Meeting held on 21st May, 2014 have constituted a “Nomination and Remuneration Committee” consisting of 4 (four) Independent Directors in compliance with the provisions of Section 178 (1) of the Companies Act, 2013 read with the applicable rules thereto. The Nomination and Remuneration Committee, subsequently, framed a Nomination, Remuneration and Evaluation Policy pursuant to Section 178 (3) of the Companies Act, 2013, which has been approved by the Board of Directors at their Meeting held on 27th May, 2015.

1. Applicability

The Policy applies to the Board of Directors, Key Managerial Personnel (“the KMP”) and the Senior Management Personnel of Jost's Engineering Company Limited.

2. Definitions

The term “Act” means the Companies Act, 2013 and rules framed thereunder as amended from time to time.

The term “Board” means the Board of Directors of the Company.

The term “Company” means Jost's Engineering Company Limited.

The term “Independent Director” means a Director referred to in Section 149 (6) of the Companies Act, 2013.

The term “Key Managerial Personnel (KMP)” means -

- (i) Managing Director or Chief Executive Officer or manager and in their absence, a whole- time director ;
- (ii) Company Secretary ; and
- (iii) Chief Financial Officer ;

The term “Senior Management Personnel” means the members of Senior Management (other than the Directors and KMPs of the Company), who are Vice Presidents / Product line heads of the Company.

3. Objectives

The objectives of the Policy are:

- a) to lay down criteria in all matters relating to appointment of Directors and Key Managerial Personnel.
- b) to guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management Personnel.
- c) to evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- d) to recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management Personnel so as to ensure that it attracts, retains and motivates the requisite quality of persons, to meet the objectives and goals of the Company.

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- e) **To make recommendations to the Board for approving ESOPs and/or any other incentive scheme to the eligible employees of the Company.*

4. Role of Nomination and Remuneration Committee

- 1) Reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with the objective to diversify the Board;
- 2) Identifying individuals suitably qualified to be appointed as the KMPs or Senior Management Personnel of the Company;
- 3) Recommending to the Board on the selection of individuals nominated for directorship;
- 4) Making recommendations to the Board on the remuneration payable to the Directors, KMPs / Senior Management Personnel so appointed / reappointed;
- 5) Assessing the independence of independent directors;
- 6) Such other key issues / matters as may be referred by the Board or as may be necessary in view of the Listing Agreement and provisions of the Companies Act, 2013 and Rules made thereunder;
- 7) 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 subject to the provisions of the law and service contract, if any;
- 8) Ensure that level and composition of remuneration of Executive Directors, Key Managerial Personnel and Senior Management Personnel is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- 9) To devise a policy on Board diversity;
- 10) To develop a succession plan for the Board and to regularly review the plan;

5. Policy for appointment, removal and retirement of Directors, KMPs and Senior Management Personnel

5.1 Appointment criteria and qualifications

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or as Senior Management Personnel and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as a Managing Director or Whole- time Director who has attained the age of seventy years.

Provided that the term of the person holding this position may be extended beyond the age of seventy 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 years.

- d) The Company may appoint or re-appoint any person as Managing Director or Whole time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
- e) Appointment of Independent Director:
- An Independent Director shall hold office for a term up to five 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 consecutive terms, but such Independent Director shall be 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 Independent Director appointed will adhere to the Code, pursuant to Schedule IV to the Companies Act, 2013.

5.2 Removal

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

5.3 Retirement

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

6. Policy relating to the remuneration to Non-Executive / Independent Directors, KMPs and Senior Management Personnel

6.1 Remuneration to Non-Executive / Independent Directors

- a) Sitting Fees:
The Non-Executive / Independent Directors 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 Rs. One lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- b) Commission:
The Non-Executive / Independent Directors will also be entitled to receive profit related commission on annual basis, of such sum as may be approved by the Board on the recommendation of Nomination and Remuneration Committee subject to the provisions of the Companies Act, 2013 and rules made thereunder.
- c) Stock Options:
The Independent Directors shall not be entitled to any stock option of the Company. ...4

6.2 Remuneration to Key Managerial Personnel (KMP)

The remuneration to KMP of the Company i.e. Managing Director / Chief Executive Officer / Whole Time Director, Company Secretary and Chief Financial Officer as defined under Companies Act, 2013 read with related rules made thereunder, will be fixed after taking into account, educational and professional qualification, experience and expertise of the personnel and the competitive market practices.

Key Principles for consideration of remuneration:

- Remuneration should be sufficient to attract, retain and motivate best talent that suits to the requirement of the Company.
- Remuneration practice should be consistent with the recognized best standard practices for KMPs

Elements of the Remuneration structure:

The remuneration shall include:

- Fixed salary
- Perquisites and Allowances
- Performance-linked bonus or performance related pay (PRP) which shall be a cumulative outcome of both the individual target achievement level as well as the Company's Performance.

Over and above, the KMP may be offered -

- Special awards for breakthrough business performance
- Commission on annual profits
- Other benefits in accordance with the market practice
- Annual remuneration reviews shall be based on individual performance, Company Performance, market environment and future plans.

6.3 Remuneration to Senior Management Personnel

Key Principles for consideration of remuneration:

- Criticality of the roles and responsibility
- Difficulty of replacement
- Risk of resignation
- Current compensation trends in the market

Elements of the Remuneration structure:

The remuneration shall include:

- Fixed Salary
- Perquisites and Allowances
- Performance-linked bonus or performance related pay (PRP) which shall be a cumulative outcome of both the individual target achievement level as well as the Company's Performance.

Annual remuneration reviews shall be based on individual performance, company performance, market environment and future plans.

7. Letter of Engagement or Contract of Employment

- 1) Independent Directors shall enter into a letter of engagement with the Company, the terms and conditions of which shall be approved by the Board. The letter of engagement shall set forth the terms and conditions of the engagement.
- 2) Key Managerial Personnel and Senior Management Personnel shall enter into a contract with the Company clearly setting out the terms and conditions of their employment.

8. Evaluation / Assessment of Directors / KMPs / Senior Management Personnel of the Company

The evaluation / assessment of the Directors, KMPs and the Senior Management Personnel of the Company will be conducted by the Nomination and Remuneration Committee on yearly basis.

9. Amendment

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee may amend this Policy, as and when deemed fit.

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