



# JMC Projects (India) Limited

## REMUNERATION POLICY

(Amended w.e.f. April 01, 2019)

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## JMC PROJECTS (INDIA) LIMITED

### REMUNERATION POLICY

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Original Policy adopted	Effective from August 01, 2014
First amendment	Effective from April 01, 2019

The Policy is authenticated by the following persons.

Name	Signature
Mr. Shailendra Kumar Tripathi CEO & Dy. Managing Director	Sd/-
Mr. Manoj Tulsian Whole-time Director and CFO	Sd/-
Mr. Deepak Saxena Sr. Vice President - HR & Admin	Sd/-

## JMC PROJECTS (INDIA) LIMITED

### REMUNERATION POLICY

#### 1. PURPOSE

At JMC Projects (India) Limited (hereinafter "Company or JMC"), Management is committed to conducting its business in accordance with the applicable laws, rules and regulations and with the highest standards of business ethics and employee relations.

A transparent, fair and reasonable process for determining the appropriate remuneration at all levels of the Company is required to ensure that Shareholders remain informed and confident in the management of the Company. The Company also understands the importance of attracting and retaining competent individuals right from Directors to support staff.

This Remuneration Policy is being positioned on the basis of overall assessment of the size of the Company, future prospect, Organization structure and complexity of its activities. The purpose is to have a Remuneration Policy that is consistent with and promotes sound and effective human management, and which is aligned with the Company's strategy, values and goals and the interests of Stakeholders and Investors.

The Nomination and Remuneration Committee has developed this Policy keeping in view the following aspects.

- a) The level and composition of remuneration should be reasonable and sufficient to attract, retain and motivate directors and employees of the quality required to run the Company successfully.
- b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- c) Maintain appropriate balance between fixed and incentive pay in remuneration to Directors, Key Managerial Personnel and Senior Management Personnel reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- d) Align the growth of the Company and development of employees and accelerate the performance.
- e) To motivate and retain the quality employees and attract other highly qualified executives to enter into Company.
- f) To give a rational and fair treatment to employees and to recognize importance of every one with team spirit and enhancing the value of human wealth.

- g) To create a transparent system of determining the appropriate level of remuneration throughout all levels of hierarchy in the Company.
- h) Encourage people to perform to their highest potential.
- i) Allow the Company to compete in each relevant employment market.
- j) Provide consistency in remuneration throughout the Company.
- k) Align the performance of the business with the performance of key individuals and teams within the Company.

## 2. **DEFINITIONS**

**"Act"** means the Companies Act, 2013 and Rules made thereunder, for the time being in force and as may be clarified, amended, re-enacted from time to time.

**"Board"** means the collective body of the Directors of the Company.

**"Company"** means "JMC Projects (India) Limited" or also referred to as "JMC."

**"Committee" or "NRC"** means Nomination and Remuneration Committee constituted by the Board of Directors of the Company, from time to time, under the provisions of the Companies Act, 2013 or the previous Company law and the Listing Regulations.

**"Director"** means a person appointed as Director on the Board of the Company.

**"Division" or "Business Unit"** means Infra (Domestic and International), Industrial & Power (I & P), North India Operations (NIO), West India Operations (WIO), South India Operations (SIO) and also includes Division as renamed and new Divisions setup from time to time.

**"Department"** means Project Execution, Finance & Accounts, Human Resources (HR) & Admin, Business Development (BD), Estimation & Tendering, Health Safety Environment (EHS), Quality Management System (QMS), Plant & Machinery (P&M), Formwork, Planning & Monitoring Group (PMG), Contracts, Legal, Company Secretarial, Design & Methods, Mechanical Electrical Plumbing (MEP), Procurement/Purchase, Stores, Information Technology (IT) etc. and also includes Departments as renamed and new Departments setup from time to time.

**"Department Head" or "Functional Head" or "Business Unit Head" or "BU Head"** means Employees of the Company who are designated as such or in charge of one or more Department or Business Units and persons who are designated as Head for the time being by the Company.

**“Executive Director”** means person appointed as Whole-time Director, Executive Director, Managing Director, Deputy Managing Director and Joint Managing Director and holding office as such pursuant to the applicable provisions of the Companies Act, 2013.

**“Employees”** means and includes person who is confirmed for full time employment of the Company from time to time.

**“Key Managerial Personnel” or “KMP”** means person as defined in Section 2(51) of the Companies Act, 2013 as amended from time to time.

**“Remuneration Policy” or “this Policy”** means this Policy for remuneration of Directors, KMP and other employees of the Company as set out hereby, recommended by the Committee and approved by the Board of JMC Projects (India) Limited, as amended from time to time.

**“Senior Management Personnel”** means officers/personnel of the Company 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 (including Chief Executive Officer/Manager, in case they are not part of the Board) and shall specifically include Company Secretary and Chief Financial Officer.

Words and expressions used but not defined in this Policy shall have the same meaning assigned to them in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”) or the Companies Act, 2013 (“Act”) and the rules and regulations made thereunder, to the extent relevant in connection with this Policy, as the case may be or in any amendment thereto. Where any stipulation is common between the applicable Laws, more stringent of them shall be complied with.

### **3. EFFECTIVE DATE OF THE POLICY**

On recommendation of the Nomination and Remuneration Committee, the Board had approved the original Policy at its meeting held on August 01, 2014.

The Nomination and Remuneration Committee of the Company had recommended and the Board has approved this revised Policy at their respective Meeting held on January 31, 2019 to incorporate the requirements of the Act and the LODR Regulations. This revised Policy shall come into effect from April 01, 2019. This Policy will supersede the provisions of the earlier Policy adopted by the Board on August 01, 2014.

### **4. NOMINATION AND REMUNERATION COMMITTEE**

The Board has constituted the Nomination and Remuneration Committee (“NRC”) in accordance with the provisions of the Companies Act, 2013 and LODR Regulations. The NRC will play a consultative role in identifying persons who are qualified to become Directors and who may be appointed in Senior

Management in accordance with the criteria laid down and make recommendation of the same to the Board, their appointment and removal and specification of the manner for effective evaluation of performance of Board, its Committees and Individual Directors to be carried out either by the Board, by the NRC or by an independent external agency and review its implementation and compliance.

The NRC shall also help in building appropriate remuneration structure in the Company, keeping in view recognition and appreciation of experience, expertise, advise, efforts and contribution provided by the Directors, KMP, Senior Management Personnel and dedication of Employees. While strategizing the remuneration structure, the Committee should consider that composition of remuneration needs to be reasonable and sufficient to attract, retain and motivate Directors and Senior Management Personnel of the quality required to run the Company successfully.

In its consultative role and guiding force, the Committee will provide its recommendations to the Board in respect to matters and tasks as may be assigned by the Board from time to time. The Committee may recommend to the Board as how to effectively structure and facilitate a remuneration strategy, which will meet the needs of the Company.

## **5. MONITORING AND IMPLEMENTATION OF POLICY**

The Committee monitors and implements this Policy. The Committee may take assistance of HR Head, HR team and Senior Management Personnel as may be necessary in respect to implementation and review of this Policy. The Committee may seek attendance of Department Heads and obtain relevant data, details and analysis as the Committee may think necessary. The Committee may also consult the experts' advice, wherever they deem necessary in discharge of their duty.

## **6. REMUNERATION OF NON-EXECUTIVE DIRECTORS**

The Company will follow the following structure in respect to remuneration of Non-Executive Directors (NEDs). NEDs are paid remuneration by way of profit based Commission and Sitting Fees within the overall statutory limits as prescribed in the Companies Act, 2013 and rules made thereunder.

The distribution of Commission amongst the NEDs shall be placed before the Board, on the recommendation of the Committee. The Commission is distributed on the basis of their attendance and contribution at the Board and certain Committee Meetings as well as involvement in decision making process etc.

### **6.1 Sitting fees**

The Directors shall be entitled to sitting fees as may be decided by the Board of Directors from time to time for attending the Meeting of the Board and Committees of the Board.

### **6.2 Reimbursement of expenses**

The Company may also reimburse travelling and other expenses to Directors for attending meetings.

### **6.3 Remuneration**

The Company may consider payment of remuneration to Non-Executive Directors by way of commission as a percentage of profits on an annual basis, pursuant to the applicable provisions of the Companies Act, 2013 and LODR Regulations. The Commission shall not exceed 1% or 3% per annum of the Net Profits of the Company or such other limits, as may be applicable to the Company, as per the provision of the Companies Act, 2013 and as approved by the Board and/or shareholders from time to time.

The Non-Executive Director shall be eligible for any remuneration for services rendered by him/her, if in the opinion of the NRC, the Non-Executive Director possesses the requisite qualification for rendering such professional services.

### **6.4 In case of no profits or inadequate profits**

In the situation of no profits or inadequate profits in any financial year, the Non-Executive Directors shall be paid remuneration in accordance with the Companies Act, 2013 and LODR Regulations as amended from time to time.

### **6.5 Review of remuneration of Non-Executive Directors**

The Committee shall evaluate the performance of each of the Non-Executive Director and review the remuneration payable to Non-Executive Directors at such interval as it thinks appropriate or as may be requested by the Board from time to time. While recommending to the Board for restructure or increase in remuneration of Non-Executive Directors, the Committee shall keep in view the following factors in appropriate weightage.

- a) Financial performance and Net Worth of the Company as per the audited financial statements for the relevant financial year.
- b) Value of order book position and operational performance track in relevant financial year.
- c) Performance of the Board as whole considering the evaluation of the Board done by Independent Directors.
- d) Diversity and composition of Board considering experience, expertise, technical knowledge and skills relating to business and future plan of the Company, position held in other Organizations and Directorship in other Companies.
- e) Remuneration of Non-Executive Directors of other companies / peers of similar size in terms of turnover, profit and net worth. Peer comparison shall be effective and rational assessment and not just numbers.

## **7. REMUNERATION OF EXECUTIVE DIRECTORS**

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission and/or performance incentives (variable component) to Executive Directors of the Company. The remuneration to Executive Directors is as approved by the Shareholders of the Company. The Board proposes to Shareholders the remuneration including appropriate mix of fixed and variable components and other terms for appointment of the Executive Directors considering qualifications, experience, technical skills, requirement of the Company and prevailing market conditions etc. While determining the remuneration proposal, the Board to consider the recommendation of the Nomination and Remuneration Committee.

### **7.1 Fixed Component**

The Executive Directors are paid remuneration by way of monthly salary / fixed component, as per the pre-approved terms.

### **7.2 Variable Component**

The Executive Directors may also be paid remuneration by way of commission as a percentage of Net Profit of the Company as per the audited financial statements, within the range as approved by the Shareholders. Commission is calculated with reference to Net Profits of the Company in a particular financial year and be determined by the Board of Directors at the end of the financial year based on the recommendations of the Nomination and Remuneration Committee, subject to overall ceilings and applicable statutory provisions stipulated in Section 197 of the Companies Act, 2013 and other applicable provisions as may be applicable from time to time.

Amount payable to Executive Director shall be determined based on appointment terms, performance criteria as the Board may considers appropriate keeping in view the performance of the Company for relevant financial year in terms of the turnover and net profits, cash profit, performance and contribution by particular Executive Director, achievements, critical project's performance, remuneration paid in previous year, industry standard and other factors as the Board may think appropriate and based on the recommendation from Nomination and Remuneration Committee.

### **7.3 Facilities**

The Company shall provide such facilities as may be necessary in relation to performance of the duties and to attend operation and business of the Company by the Directors and Senior Management Personnel as may be determined by the Human Resource Department and as recommended by Nomination and Remuneration Committee.

Remuneration paid to the Directors shall be disclosed in the Annual Report of the Company.



#### **7.4 Remuneration in case of no profits or inadequate profits**

In the event of no profits or inadequate profits in any financial year, remuneration to Executive Directors will be as per the appointment terms and as may be determined by the Board, subject to applicable provisions of the law.

#### **8. STOCK OPTIONS TO EMPLOYEES / DIRECTORS**

As and when desirable or requested by the Board, the Committee will perform function in respect to devising / monitoring Employees Stock Schemes and give its recommendation about allotment of sweat equity shares or grant, vest and exercise of stock options and/or similar rewards to the eligible Directors and Employees, as may be permitted under the applicable law or approved schemes. However, no Independent Director shall be eligible for Stock Option unless restriction in the applicable law is done away with.

#### **9. REMUNERATION OF SENIOR MANAGEMENT PERSONNEL**

##### **9.1 Review of Remuneration of Senior Management Personnel**

The Committee will review the remuneration of the Senior Management Personnel annually at the time of performance appraisal. Considering the outcome of performance appraisal done by HR and the management, as per the prevailing process and practice of the Company, the Committee may recommend about increase, restructure and/or other suggestion in respect to remuneration of Senior Management Personnel as it thinks appropriate considering the following aspects:

- a) Performance of the Company for relevant financial year in terms of turnover, net profit, cash profit vis-à-vis performance of relevant Division / Business Unit of the Company.
- b) Individual performance rating as per HR performance appraisal, achievements during the relevant year, major role played in successful bidding of moderate projects, contribution in getting landmark projects, challenging initiatives, key role played in winning of prestigious awards to the Company.
- c) Critical responsibilities handled and successful completion of task assigned by the Board / Management of the Company.
- d) Qualification, experience, skills and tenure of service in the Company.
- e) Contemporary sector specific positions, risk profile of the Company and strategic factor to retain the competent professionals.
- f) Overall industry standard, future prospect of the Division and the Company and present market scenario of peer professionals.

## 9.2 Recommendation of the Committee

While reviewing and recommending the remuneration of Senior Management Personnel of the Company, the Committee shall be guided by the following factors.

- a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Senior Management Personnel of the quality required to run the Company successfully.
- b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- c) There should be appropriate balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

## 9.3 Variable Pay and Increment in Remuneration of Senior Management Personnel

While recommending about Variable Pay and Increment in Remuneration of the Senior Management Personnel, the Committee, *inter-alia*, shall evaluate the following focal criteria with appropriate weightage.

- a) Performance of the Company during relevant financial year in terms of turnover and cash profit.
- b) Performance achieved by the Division where the performance is quantifiable and part of profit center. In other cases, overall performance of the department and quality of information flow.
- c) Individual Key Result Area (KRA) rating and opinion of the CEO / Executive Director.
- d) Technical skill or nuance in knowledge and practical competency in areas of work or functions where he/she is employed in the Company.
- e) Prospects of the Division and business plan of the Company in medium to long run objectives.

## 10. REMUNERATION OF EMPLOYEES

The Company believes that composition of remuneration of the Employees should be reasonable and sufficient to attract, retain and motivate Employees. The Company follows salary structure comprising fixed and variable components. The following remuneration structure be followed in the Company unless Committee suggests any change.

- a) **Fixed Components** includes (i) fixed pay which is up to 70% of the gross salary and (ii) flexi pay for rest of the salary part, which depends on the Employee preference over distribution of the same in prescribed components of flexible pay.
- b) **Variable Components** linked to performance of Individual Employee vis-à-vis performance of the Company. Variable pay is determined after the end of the financial year following the performance management system of the Company and KRA achievement of individual employee.

Variable Pay component in the CTC depending on various grades shall be in following manner.

<b>Entitlement / Grade</b>	<b>Maximum Variable Pay - % of CTC</b>
VP & above	25%
GM - AVP	20%
AGM – Sr. DGM	15%
Manager – Sr. Manager	10%

Above criteria may be varied as management decides from time to time.

Variable pay be calculated, *inter-alia*, on the basis of individual performance on individual KRA and Business performance keeping in view other relevant aspects as may be determined by the management from time to time.

The intention of the Company for the Variable Pay is to recognize the efforts taken by the Employee to achieve his/her KRAs.

- c) Loan, facilities and assistance may be given to the Senior Management Personnel and Employees on such terms and conditions, as may be approved / authorized by NRC or the Board or as per the scheme approved by the Nomination and Remuneration Committee or the Board.

## **11. PERFORMANCE MANAGEMENT SYSTEM (PMS)**

### **11.1 Objectives of the PMS**

The HR Department shall on recommendation of and in consultation with the Nomination and Remuneration Committee shall follow the prescribed Performance Management System to achieve the following objectives.

- a) Alignment of individual goals with Organizational objectives and annual employee rewards with Organizational performance.
- b) Promote performance centric work culture through performance review on regular intervals, regular feedback, coaching, training and other managerial interventions.

- c) Get the inputs for other HR systems i.e. rewards, annual increments, promotion, career planning, succession management, learning and development.

### **11.2 Role of the Committee in the PMS and Increment**

The PMS is to be carried out by the Department Heads and HR Team as per the prescribed system and practice of the Company. The Nomination and Remuneration Committee may discuss with CEO, HR Head and Senior Management Personnel of the Company about process to be followed in respect to PMS and give its suggestions keeping in view the objectives of the PMS.

In respect to the increment in remuneration of the Employees, the Committee would recommend overall amount or range of percentage of increment. The Committee shall consider the following major aspects in giving its recommendation:

- a) Turnover, profit earned, orders received during the year and value of balance order book of particular Business Unit - as a % of the respective parameter of the Company as whole and target achievement, project completion status, critical situation of the projects of the Unit, if any.
- b) Performance of the Business Unit and the Company during relevant financial year and % growth as compared to previous year.
- c) Discussion with the respective Business Head / Department Head about current employment market, major development in industry, known expansion plan of peers / competitors, major anticipated risk about critical projects, likelihood of delay in completion of projects, contractual terms and possible damage or litigations in case of delay.

### **11.3 Criteria for Payment of increment and variable pay**

Major criteria in relation to Variable Pay and increment would include, *inter-alia*, performance score at corporate, unit, project vis-à-vis employee's performance KRA. The Company follows the criteria in this respect as suitable to the Company keeping in view the business structure.

Criteria in relation to Variable Pay and increment may be varied as circumstances warrant and as may be determined by the management from time to time.

### **11.4 Appraisal and Review Authority Matrix**

The Company shall follow authority matrix in respect of PMS. However, the Matrix may be varied in appropriate cases and if the circumstances so warrant.

## **12. EMPLOYEES' GROWTH AND WELL-BEING**

A "JMC Welfare Trust" has been established since 2006 for the benefits of Employees of the Company and their family members. The object of the Trust, *inter-alia*, includes welfare, medical facility, education and financial support to needy employees and their family members.

Every year, the Company sponsors a batch of employees for post graduate diploma in management course conducted by reputed university or college to enhance managerial skills for middle and senior level employees.

Management firmly believes that employees are corner stone of the Organization and investing in them thoughtfully and strategically reaps rewards that pay-off in the long run. Through regular training and skill enhancement program, the Company shall strive to bring congruence between personal career goals of the employees and overall objective of the Organization. The Company has put in comprehensive system in place for identifying and addressing various training needs at all the levels of the Organization. The said efforts shall help in creating challenges and empowering work environment that rewards dedication and work ethics to employees. The Company shall also provide training on behavioral aspects, such as personality development, communication skills etc. to help improving their efficiency. These training programs may include technical, trade, managerial skills, functional skills, behavioral skills, etc.

The Company may regularly conduct programs for employees and their families like annual picnic, medical checkups at regular interval, distribution of long service awards etc.

## **13. CLARIFICATION AND REVIEW OF THE POLICY**

The Committee may, in consultation with the Board, if necessary, review or give necessary clarification for implementation of this Policy.

This Policy may be read with the Employee Handbook of the Company, to the extent relevant or necessary for implementation purpose. However, the Handbook shall not be part of this Policy and shall always remain with the Company as a confidential document.

## **14. AMENDMENT(S) IN THE POLICY**

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant government authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.