

## Remuneration Policy

### Preamble

The Remuneration Policy of John Cockerill India Limited (formerly CMI FPE Ltd.) is designed to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and retiral benefits. The policy reflects the Company's objectives for good corporate governance as well as sustained long term value creation for shareholders.

### Introduction

This remuneration policy includes components, namely:

- a) Scope of the Policy
- b) Remuneration Philosophy & Objectives
- c) Content
- d) Forecast
- e) Performance Review
- f) Operations Review Committee meeting.

#### a) Scope of the Policy:

This Remuneration Policy applies to executive directors, senior management including its Key Managerial Personnel and other employees of the Company and the new employees who joined on or before 30<sup>th</sup> September on that particular year.

#### b) Remuneration Philosophy & Objectives:

The company is committed to a remuneration philosophy that focuses on rewarding consistent and sustainable individual and company performance. The company's approach towards remuneration aims to ensure that an appropriate balance is achieved between operational & strategic requirements, providing attractive and appropriate remuneration package to senior management and to all other employees.

The remuneration practices of the company have been structured to be competitive in the rapidly evolving industry in which it operates and to ensure that the company can attract, motivate, reward and retain high-caliber people, with above-average industry ability and the leadership potential to effectively run the company. The objectives of the remuneration policy are the need to:

- i) Reinforce, encourage and promote superior performance.
- ii) Direct employees' energies and activities towards key business goals.
- iii) To provide merit-based remuneration policy.
- iv) Maintain competitive salary levels which are consistent with job contents, responsibilities and requirements.

#### c) Content:

- i) The remuneration of employees largely consists of basic salary & allowances and retirement benefits and are paid according to the company policy, subject to prescribed statutory ceiling and rules as defined from time to time.

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- ii) The total remuneration varies for different grades and are governed by the industry pattern, qualification & experience / merits, performance of each employee. The Company while deciding the remuneration package takes into consideration current employment scenario and remuneration package of the industry.
- iii) The annual Performance Linked Management Incentive pay is linked to the performance of the Company and individual performance for the relevant year measured against Company's objectives fixed in the beginning of the year. There is already a defined scheme, a copy of the same is attached as '**Annexure' – I**.

**d) Forecast:**

Forecast shall be made to understand the Industrial Scenario on Compensation at the start of the year through the following sources:

- i) Inflation
- ii) Salary Survey Reports from leading consulting firms
- iii) News Paper reports
- iv) Performance of Industry
- v) Data compiled while hiring people from competitors
- vi) Data from Exit Interviews
- vii) Company's Capacity to pay.

**e) Performance Review:**

- i) Performance Management and assessment takes place yearly addresses company performance and achievement of Key Performance Indicators (KPI's).
- ii) Targets (KPI's) are fixed at the start of the year for Company as well as Individuals.
- iii) KPI's are ratified by the Operation Committee Members which includes responsibility for among others for driving and implementing; monitoring progress and ensuring all employees are aligned to it.
- iv) Guidelines for the assessment are circulated to the respective head of the departments to ensure it is in line with the given set of guidelines.

**f) Operation Review Meeting:**

Performance assessment from the respective department head is presented during the Operation Review Meeting based on the evaluation ratings received and normalized.

<b>Ratings</b>	<b>Description</b>
A	Excellent
B	Very Good
C	Good
D	Needs Improvement
E	Poor

In the subsequent Operational Review Meeting the Company Performance rating is discussed and allocation of overall percentage rise in remuneration is proposed based on the forecast data and Company's capacity to pay.

Recommendations proposed for Promotions, increase in allowances and over all remuneration increase is taken into consideration which is always as per prepared budget on this count.

“The above policy was recommended by Nomination and Remuneration Committee and approved by the Board at its Meeting held on October 29, 2014.”