

**Jullundur Motor Agency (Delhi) Limited
("JMADL" / "COMPANY")**



**NOMINATION
AND
REMUNERATION POLICY**
(Updated till on 19th March, 2019)

NOMINATION AND REMUNERATION POLICY

Introduction:

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel's (KMP's) and Senior Management of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company. In terms of prevailing provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Nomination and Remuneration Policy (hereinafter referred to as the "Policy") for Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors.

Applicability:-

The Policy is applicable to

- ❖ Directors (Executive and Non-Executive);
- ❖ Key Managerial Personnel;
- ❖ Senior Management

Definitions

- ❖ **"Board"**:- Board means Board of Directors of the Company.
- ❖ **"Directors"**:- Directors means Directors on the Board of the Company.
- ❖ **"Committee"**:- Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.
- ❖ **"Company"**:- Company means **"Jullundur Motor Agency (Delhi) Limited"**.
- ❖ **"Independent Director"**:- Independent Director shall have the meaning prescribed to it under regulation 16 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or under the Companies Act, 2013, as the case may be and including any amendment thereof from time to time.
- ❖ **"Key Managerial Personnel or KMP"**:- Key Managerial Personnel (KMP) means-
 - (i) Executive Chairman and / or Managing Director;
 - (ii) Whole-time Director;
 - (iii) Chief Financial Officer;
 - (iv) Company Secretary;
 - (v) Such other officer as may be prescribed under the applicable statutory provisions / regulations.
- ❖ **"Senior Management"**:- Senior Management means officers / personnel of the listed entity occupying the position of President / Vice President / Chief Operating Officer (CCO) / Chief Executive Officer (CEO)/ Head of any unit / division / department, if any, or President / Vice President / General Manager / Chief Manager of any unit / division/ department of the Company, as the case may be, Chief Financial Officer and Company Secretary.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013 and/or Listing Agreement, as may be amended from time to time, shall have the meaning respectively assigned to them therein.

Objective and purpose of the Policy:

The objective and purpose of this policy are:

- ❖ To lay down criteria and terms & conditions with regard to identifying person(s) who are qualified to become Directors (both Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration;
- ❖ To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the sector engaged in the business of trading of spare parts/ other trading of other goods and services. In addition to above, experience of concerned person(s) or contribution to achieve the Company's objective will also be considered;
- ❖ To devise a policy on Board diversity;
- ❖ To recommend to the Board, all remuneration, in whatever form, payable to Senior Management ;
- ❖ To carry out evaluation of the performance of Company's Executive Directors, as well as Key Managerial and Senior Management Personnel.
- ❖ To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations and growth.
- ❖ To retain, motivate and promote talent and to ensure long term sustainability of talented Managerial person(s) & employee(s) and create competitive advantage.

Considering the aforesaid objective, future prospect and growth of the Company, this Policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on 13th August, 2014.

Effective Date:

This Policy shall be effective from 1st day of April, 2014 and last amended on 19th March, 2019.

Constitution of the Nomination and Remuneration Committee:

The Nomination and Remuneration Committee (hereinafter referred to as "**Committee**") shall comprise of atleast three non-executive directors. 50% of the members of the Committee shall always be Independent Directors.

The Board has the power to re-constitute the Committee consistent with the Company's policy and applicable statutory requirement as may be amended from time to time.

Quorum and meeting of the Committee

The Quorum for the meeting of the Committee shall be either 2 members or 1/3rd of the members of the Committee, whichever is greater, including atleast one Independent Director in attendance.

The Committee shall meet atleast once in a year.

General

This Policy is divided in three parts:

Part – A: covers the matters to be dealt with and recommended by the Committee to the Board;

Part – B: covers the appointment and nomination; and

Part – C: covers remuneration and perquisites etc.

The key features of this Company's Policy shall be included in the Board's Report.

PART - A

MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE

The Committee shall:

- i) Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- ii) Identify person(s) who are qualified and eligible to become Director (Executive, Non-Executive viz. Independent or Non Independent) and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this Policy.
- iii) Recommend to the Board, appointment and removal of Director, KMP's and Senior Management Personnel.

PART - B

POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP's AND SENIOR MANAGEMENT

Appointment criteria and qualifications:

- i) Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person(s) for appointment as Director, KMP's or at Senior Management level and recommend to the Board his / her appointment.
- ii) 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 in the best interest of the Company.
- iii) The Company shall not appoint or continue the employment of any person as Managing Director/Whole time Director who has attained the age of seventy five years **(75 years)**. Provided however that the term of the person holding such position may be extended beyond the age of seventy five years (75 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 five years.

Term / Tenure:

➤ Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive 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.

➤ 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 however 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.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

➤ **Evaluation of Performance:**

The Committee shall carry out evaluation of performance of Executive Director(s), KMP's and Senior Management on annually basis.

➤ **Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013 & rules made thereunder or under any other applicable Act, rules and regulations or otherwise as the Committee and Board may think fit in the best interest of the Company, the Committee may recommend, to the Board with reasons recorded in writing, removal of any Director, KMP's or Senior Management personnel subject to the provisions and compliance of the applicable Act, rules and regulations made there under.

➤ **Retirement:**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP's, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the best interest and benefit of the Company.

PART - C

POLICY RELATING TO THE REMUNERATION FOR THE MANAGING DIRECTOR, WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

General:

- i) The remuneration / compensation / commission etc. to the Managing Director, Whole-time Director, KMP's and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. However, the remuneration / compensation / commission etc. to the Managing Director and Whole-time Director, shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- ii) The remuneration and commission to be paid to the Managing Director and/or Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association, if any, of the Company and/or approved by the shareholders of the Company in terms of provisions of the Companies Act, 2013, and the rules made there under.
- iii) Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managing Director and/or Whole-time Director subject to the provisions of the Companies Act, 2013 and rules & regulations made thereunder. Increments will be effective from the date as may be decided by the Board in line with recommendation of Committee.
- iv) Where any insurance is taken by the Company on behalf of its Managing Director(s), Whole-time Director(s), Chief Executive Officer, Chief Financial Officer, Company Secretary and any other

employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided however that if such person is proved to be guilty, the premium paid towards such insurance policy shall be treated as part of the remuneration.

v) Remuneration to Managing Director/Whole-time Director/ Executive Director, KMP's and Senior Management Personnel:

a) Fixed Remuneration/Salary/Compensation:

Managing Director/ Whole-time Director / KMP's and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to Provident Fund, pension scheme, medical expenses, other perquisites etc. shall be decided and approved by the Board on the recommendation of the Committee. Revision in remuneration of aforesaid persons shall be approved by the Board on the recommendation of the Committee. Provided however Remuneration to Managing Director/ Whole Time Director/ Executive Director shall be approved by the shareholders and Central Government, wherever required.

b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director and/or Managing Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and if it is not able to comply with such provisions, with the previous approval of the Central Government or shareholders, as the case may be.

c) Provisions for excess remuneration:

If any Executive Director/ Managing Director/ Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government or the Shareholders, as the case may, in accordance with the provisions of the Companies Act, 2013.

d) Remuneration to Non- Executive / Independent Director:

Remuneration and commission:

The remuneration / commission, if applicable, shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company, if applicable, and /or approved by the Shareholders of the Company in accordance with the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015.

Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof as may be approved by the Board from time to time on recommendation of Committee thereof. Provided however that the

amount of such fees shall not exceed INR One Lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company calculated as per the applicable provisions of the Companies Act, 2013.

Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

E) **Stock Option**

Stock Options in the form of ESOP/ESOS may be given by the Company to the Directors/ KMP's and or other employees of the Company as per scheme framed by the Company from time to time in terms with provisions of section 62, Section 149 and all other applicable provisions, if any, of the Companies Act, 2013 read with SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Articles of Association of the Company. Provided however that Independent Directors shall not be eligible to participate in ESOP scheme of the Company.