

F. COMPENSATION & BENEFITS POLICY

Objective :

The Objective of the policy is to offer a fair market linked compensation & Benefits to employees and contract workers.

Applicability :

All Permanent / Contractual Employees working in the Corporate Office, Zonal Offices, and Project Sites in India

Equal Opportunity Employer

The Organization takes pride in being an equal opportunity employer. The company would not practice any discrimination in any form based on caste, sex, creed or religion is neither formally nor informally

Hike and Payouts:

- The company follows two types of annual increase and payout system:
 1. **Merit Increase:**
 - The Company attaches great significance to performance. The annual appraisal assesses the employees' contribution and provides feedback on performance and the potential areas for development.
 - Annual merit increases are governed by the level of performance of the individual, the department and the company in the preceding year.
 - Awarding a merit increase is a matter of discretion of the Management and not automatic.
 2. **Periodic Revision of Compensation & Benefits**
 - A competitive compensation program is essential to attract and retain talent in the Company. The Company therefore reviews periodically the compensation program to ensure competitiveness of these programs vis a vis industry.
 - Comprehensive revision recognizes market trends, changes in tax laws and cost of living. This may result in addition, discontinuation or change of a constituent/s of compensation.
 - Revision is a factor of the Company's performance and disposable resources.

Structure of the Compensation:

(b) Basic Salary:

The primary component of the Compensation is the Base salary. Essentially, the Base Salary will be about minimum 40% of the CTC. This amount attracts Provident Fund benefits, whenever applicable. Gratuity, whenever applicable is also calculated based on this component. This amount attracts tax as per act.

(c) House Rent Assistance / Lease Rentals: Eligibility for HRA

The employees are paid House Rent Allowance (HRA). Current HRA is related to the grade. In exceptional cases where company has provided leased accommodation, then such an employee will not be eligible for HRA.

Eligibility for Leasing of Accommodation

- Subject to budget considerations and availability, the Company may provide unfurnished residential accommodation to employees in specific positions.

Lease Rent

- Applicable lease rent is related to locations and salary groups.
- Lease rent beyond applicable limit, if any, will be borne by the employee.

Objective

The Company recognizes that along with a positive work environment, state of the art facilities and challenging opportunities, compensation is one of the key components to attract, retain and motivate employees. The company positions its compensation & benefits programs competitively for comparable jobs and experience with a set of good benchmark companies in the industry.

Applicability

These rules are applicable to all Permanent employees, contractual staff and consultants recruited at any locations of the organization such as Head Office, Plants and Project Sites across the country.

Implementation Responsibility

The following personnel shall be responsible for ensuring that the rules set here forth are implemented in right earnest with effect from 1st January 2012.

Review

The policy shall be reviewed as and when deemed necessary by the management.

Essentially employee earnings are influenced by:

- The design of the compensation package
- The design of rewards for the performing individual
- Compensation Structure – The Company has a balanced compensation structure. It recognizes cash salary, benefits and perquisites, current and deferred and monetary and non – monetary items in the compensation package
- Periodic Revision – The Company will review the compensation & benefits programs at least once in 3 years

Gradation:

- The company follows a Grade-wise compensation Structure with a Cost-to-company (CTC) concept. All the components of compensation is monetized and expressed through the

monetary terms. The details of the gradation and corresponding Compensation structure are as annexed.

Deposit / Brokerage

Company provides accommodation in exceptional cases at Corporate. At site it may be on need basis.

- Company will pay deposit and brokerage as per the market rate.
- Brokerage will be limited to one month's lease rent applicable at the position or actual lease rent whichever is lower.

Management Allowance:

This is a component of the CTC. This amount is decided depending on the monthly amount payable and is derived at the balancing figure of the CTC calculation. This amount is fully taxable.

REIMBURSEMENTS:-

Fuel & Maintenance Expenses (wherever applicable):

Under the CTC concept above a certain level, this reimbursement is Tax free against submission of original bills of fuel, maintenance, car washing.

Helper (wherever applicable):

Tax free against submission of original payment receipt with revenue stamp of driver salary

Professional Development (wherever applicable):

Tax free against receipt of original payment of Training, seminar, conferences etc attended during the financial year

Books & Periodicals (wherever applicable):

Tax free against receipt of Original bills of Books & Periodical purchased relating to professional development only.

Leave Travel Assistance (LTA):

- Eligibility

Employees are eligible for LTA for the period 1st April to 31st March each year as per the specified limits applicable to the Grade. LTA is payable to employees on completion of one year of service when they are entitled to avail Leave. In case an employee leaves the organization before completion of one year of service, he/she will not be entitled to claim LTA. The employee may claim up to one basic salary (excluding all allowances) as of 1st April of each year

Disbursement of LTA

- As per section 10.5 of the Income Tax Act, LTA is payable to the employee before proceeding on leave for the purpose of travel to any place in India.
- In the event the employee wishes to claim tax benefit then the application for payment of LTA will be made in the prescribed form. If required, payment will be made six weeks prior

to proceeding on leave. Amount payable will be limited to 75% (seventy five percent) of the applicable limit. If no tax benefit is to be claimed then the employee must make a written application to the Human Resources dept through their Reporting Authority.

- If leave and or travel is changed / cancelled, the amount disbursed will be returned immediately to the Company. Employees may reapply for LTA when they next proceed on leave for travel.
- If the employee does not proceed on leave and travel during the LTA period, the employee will be paid an amount equal to the LTA entitlement along with March salary subject to Tax.
- Employees also have an option to carry forward LTA for the year within the block period of four years. If the employee becomes eligible for LTA for the first time in the fourth year of the Block period, the employee may carry forward LTA to the next block of 4 years. LTA will be paid prorata for the first year if the employee joins the Company in a month other than April. Upon separation, the employee will be paid proportionate LTA for the months actually worked in the said financial year
- In case the employee does not want to claim tax exemption then he needs to apply through proper channel to claim his LTA. In such a case the employee does not have to apply for leave.

Conditions to Claim Tax exemption

Income Tax exemption is limited to:

- Two return journeys to any place in India in a block period of 4 (four) calendar years.
- To and fro journey is undertaken during the period of leave.
- Travel expenses incurred on family; provided family travels to the same place and either to or fro journey of the family is during the employee's leave period.
- Employees are eligible to claim LTA only if they proceed on approved privilege leave for a minimum period of 5 days or more.

Procedure for Claiming LTA:

- The employee will apply for leave and get the leave sanctioned from the immediate superior.
- In case the employee is claiming tax exemption then the employee will complete the LTA form, attach the approved leave application form and approach accounts department for advance LTA. (If no Tax benefit is to be claimed then the written application duly signed by the immediate manager shall be submitted to Accounts.)
- Accounts department will verify the entitlement.
- Advance LTA up to 75% of the entitlement can be paid.
- Employee on return, within a fortnight will submit the statement of expenses and claim the balance amount.

Qualification of tax exemption for LTA amount:

- Where the journey is performed by air, an amount not exceeding the air economy fare of the National Carrier by the shortest route to the place of destination.
- The exemption shall not be available to more than two surviving children of an individual. Incidental expenses like taxi fare, en-route expenses, lodging, boarding, expenses etc. will not qualify for tax exemption.

- There is ambiguity regarding ascertaining of actual cost of travel for tax exemption where employee uses his own car. The employee may claim such expenses as per the rate prescribed in the company policy for official travel.
- Within four weeks of resumption from leave, the employee must submit details of actual travel expenses incurred, as per the LTA declaration for tax exemption otherwise, LTA amount will be treated as taxable income.
- The employee is required to retain bills and other details of expenditure which will be subject to such checks as may be deemed appropriate by the company, its statutory auditors or the tax authorities.

Definition of Family

The Income Tax Act has defined 'family' as under:

The family in relation to an individual means Spouse and children of the individual and parents, brothers, sisters of the individual or any of them wholly or mainly dependent on the individual.

STATUTORY:-

Provident Fund:

Provident fund is a means of retirement savings. An employee contributes part of his/her salary towards the fund and this contribution is matched by the employer.

Employee State Insurance Corporation (ESIC):

The ESI Corporation enhanced wage ceiling to Rs.21,000/- per month for coverage of employees under the ESI Scheme. All permanent / temporary personnel who fall under the Gross salary category mentioned amount above are eligible.

An interesting feature of the ESI Scheme is that the contributions are related to the paying capacity as a fixed percentage of the workers' wages, whereas, they are provided social security benefits according to individual needs without distinction.

There are six social security benefits from ESIC schemes :

1. Medical benefits
2. Sickness benefits
3. Maternity benefits
4. Disablement benefits
 - Temporary disablement benefit (TDB)
 - Permanent disablement benefit (PDB)
5. Dependents benefit
6. Funeral expenses

Mediclaim & Term Benefits:

All permanent employees of Corporate Office & Project sites are covered under mediclaim policy with a major mediclaim provider as negotiated on annual basis. This policy is serviced through a registered Third Party Agent (TPA) as decided by the Insurance Company. For more details please refer the Group Mediclaim Policy.

Mediclaim Policy Slab & Eligibility

Mediclaim policy is applicable to all employees and sum insured is given as per CTC

Structure as mentioned below :-

Employee's Annual CTC Range		Applicability Of Sum Insured Per Employee
Min.	Max.	
	2,49,600	1,00,000
2,49,601	4,50,000	1,50,000
4,50,001	7,00,000	2,00,000
7,00,001	12,00,000	2,50,000
12,00,001 & Above		3,00,000

Term Insurance Policy Eligibility

Term Insurance policy is applicable to all employees as per below CTC Slab :-

CTC Less than 10,00,000 Per Annum	After death of an employee, nominated immediate family member is eligible to get amount of Rs. 10,00,000/-
CTC Above 10,00,001 Per Annum	After death of an employee, nominated immediate family member is eligible to get amount equal to twice of Annual CTC

Group Personal Accidental Policy

All Employee's are eligible to get Rs. 5,00,000 sum insured

Voluntary NPS

Company has introduced a NPS scheme for employees on a voluntary basis to take advantage of for their retirement savings.

Gratuity:

Gratuity forming part of the CTC, will be payable only if applicable as per law and prevailing company policy. Gratuity shall be payable to an employee on termination of his employment after he has rendered continuous service for not less than five years in the organization.

- His / her superannuation or
- His / her retirement or resignation or
- On his / her death or disablement due to accident or disease

Other Taxes & Deductibles:

Professional Tax, Tax Deducted at Source (TDS), Term Insurance Premium & any other taxes will be deducted as per law pertaining to respective states & grades.

Note:

1. All documentation pertaining to reimbursements are to be submitted according to the time period specified which will be circulated from time to time. Specific reimbursements are relevant to personnel for a particular designation & grade:
2. The Management reserves the right to change and modify the policy at any point of time without assigning any reasons thereof.

Retirement Age in the company will be 58 years across all levels . Extension can be given on sole discretion of the management.