

REMUNERATION POLICY

This Policy defines the Remuneration guidelines and key terms of employment for the Senior Executives of TVS Srichakra Limited. This is the senior team of the company, from the level of a General Manager to and including the President, hereinafter referred to as Executive / Executives.

1. Broad principles for remuneration and terms of employment

The overall riding principle is that the remuneration and terms of employment shall be with an intent, that the company will be able to attract and retain Executives of high calibre and talent. It is competitive and in line with prevalent Industry standards.

2. Fixed Compensation

An Executive shall have a fixed compensation which will be a function of his responsibility, accountability, span of control and overall impact on the business.

3. Variable Compensation

The Variable Compensation of an Executive will be paid based on performance for the year and that of the company in the fiscal under consideration and shall be in addition to the Fixed Compensation. It is proposed that this will be up to a maximum of 20% of the Fixed Compensation of an Executive from 2014 onwards. The performance rating of an Executive will be based on the extent, one fulfils his / her Key Performance Indices (KPI's) as has been discussed and agreed to between the Manager and the Executive at the beginning of the fiscal. The decision to pay the Variable Compensation will be based on the achievement of the company's acceptable threshold business and financial parameters as may be decided by the Management and the decision to increase, decrease or abrogate the Variable Compensation in part or full is solely vested with the Management.

4. Other benefits, Provident Fund, Termination of Employment and separation compensation

4.1 Non-monetary benefits

Executives in the level of a Executive Vice President / President will be entitled to benefits such as company car / leasing car facility, Fuel reimbursement and Driver reimbursements as per company policy. Others are entitled to subsidised medical hospitalization health care policy in line with

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defined limits, currently at Rs 1 Lac per family per annum (for the coverage term). An Executive is also entitled to land telephone, cell and data card and club facility as per defined limits covered under the company's Personnel policies.

4.2 Provident Fund , Superannuation & Gratuity

Executives are also entitled to Provident Fund, Superannuation (for executives who joined till end 2012) and gratuity facility as per the terms of the Law in force currently.

4.3 Termination of Employment and separation compensation for Executives

All Executives are entitled to a separation compensation of 3 months of their salary (excludes the Variable Compensation) either way .

5. Authority to decide on any deviation from the Policy

Any deviation from this policy can be only decided by the Managing Director and shall be final and binding.