

**POLICY FOR SELECTION, APPOINTMENT & REMUNERATION OF DIRECTORS**  
**AND**  
**REMUNERATION POLICY FOR SENIOR MANAGEMENT AND OTHER**  
**EMPLOYEES**

This Policy defines the selection of Directors & remuneration guidelines and key terms of employment for Directors, Key Managerial Personnel, Senior Management and other employees of TVS Srichakra Limited. Senior Management is from the level of General Manager to and including the President.

**Board Diversity**

It will be the endeavour of the Company to attract people to be on the Board of our Company as Directors from variety of backgrounds which are appropriate to the business interests of the Company.

The overall guiding principle is that the remuneration and terms of employment shall be with an intent, that the company will be able to attract and retain Directors, Key Managerial Personnel, Senior Management and other employees of high calibre and talent. It is competitive and in line with prevalent Industry standards.

**I. Criteria for selection of Non-Executive Directors**

1. The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the various fields.
2. In case of appointment of Independent Directors, the Nomination and Remuneration Committee (NRC) shall satisfy itself with regard to the Independent nature of the Directors vis-a-vis the Company so as to enable the Board to discharge its function and duties effectively.
3. The NRC shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act 2013 ("the Act").
4. The NRC shall consider the following attributes / criteria whilst recommending to the Board the candidature for appointment as Director.
  - Qualification, expertise and experience of the Directors in their respective fields;
  - Personal, Professional or business standing
  - Diversity of the Board
5. In case of re-appointment of Non-Executive Directors, the Board shall, take into consideration the performance evaluation of the Director and his engagement level.

### **Remuneration of Non-Executive Directors**

The non-executive directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings and commission as detailed hereunder:

- A non-executive director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;
- A non-executive director will also be entitled to receive commission on an annual basis of such sum as may be approved by the Board on the recommendation of the Nomination & Remuneration Committee;
- The total commission payable to the directors shall not exceed 1% of the net profit of the Company;
- The Commission shall be payable on prorata basis to those Directors who occupy office for part of the year.

In addition to the above, non-executive director shall be compensated for services rendered by such Director which are professional in nature and in the opinion of NRC such Director possesses requisite qualification for the practice of the profession

### **II. Criteria for selection / appointment of Executive Director**

For the purpose of selection of the Managing Director, the NRC shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board.

The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and qualifications as laid down under the Act or other applicable laws.

### **Remuneration of Executive Director**

- At the time of appointment or re-appointment, the Managing Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the Nomination & Remuneration Committee and the Board of Directors) and the Managing Director within the overall limits prescribed under the Act.

## TVS SRICHAKRA LIMITED

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- The remuneration shall be subject to the approval of the Members of the Company in General Meeting.
- The remuneration of the Managing Director is broadly divided into fixed and variable component. The fixed compensation shall comprise salary, allowances, perquisites, amenities and retirement benefits. The variable component shall comprise of commission.
- In determining the remuneration (including the fixed increment and commission) the NRC shall consider the following:
  - a. the relationship of remuneration and performance benchmarks is clear;
  - b. balance between fixed and commission payment reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
  - c. responsibility required to be shouldered by the Managing Director and the industry benchmarks and the current trends;

the Company's performance visà-vis the annual budget achievement and individual performance visà- vis the KRAs / KPIs

III. The remuneration payable to Key Managerial Personnel (other than Executive Director), Senior Management and other employees ("Executive") shall consist of

1. **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.

2. **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 60% of the Fixed Compensation. 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.

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

**3.1 Non-monetary benefits**

Senior Management will be entitled to benefits such as company car / leasing car facility, Fuel reimbursement and Driver reimbursements as per company policy. Others entitlements include subsidised medical hospitalization health care policy in line with 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 as per defined limits covered under the company's Personnel policies.

**3.2 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.

**3.3 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.

**4. 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.

**Implementation of the Policy**

The NRC shall take suitable steps to issue guidelines, procedures and such other steps as may be considered appropriate from time to time, for effective implementation of this Policy.