



## **SHRIRAM AUTOMALL INDIA LIMITED**

### **Policy on Board Diversity / Remuneration Policy**

#### **1. Purpose**

The Company has framed a formal policy on Board diversity / Remuneration Policy which sets out a framework to promote diversity on Company's Board of directors (the 'Board').

#### **2. Vision**

The Company recognizes the importance and benefits of having the diverse Board to enhance quality of its performance.

#### **3. Policy Statement**

The Company believes that a diverse Board will enhance the quality of the decisions made by the Board by utilizing the different skills, qualification, professional experience, gender, knowledge etc. of the members of the Board, necessary for achieving sustainable and balanced development. For appointments of persons to office of directors and deciding composition of the Board, the Nomination and Remuneration Committee (NRC Committee) and the Board shall also have due regard to this policy on Board diversity. In this process the NRC Committee /Board will take into consideration qualification and wide experience of the directors in the fields of banking, finance, regulatory, administration, legal, commercial vehicle segment apart from compliance of legal and contractual requirements of the Company.

The total number of directors constituting the Board shall be in accordance with the Articles of Association of the Company. The Board of directors of the Company shall have an optimum combination of executive and non-executive directors with at least one woman director and the composition of the Board shall be in accordance with the requirement of Articles of Association of the Company, Companies Act, 2013 and statutory, regulatory and contractual obligations of the Company.

## **4. Remuneration of Whole Time Director, Key Managerial Personnel and Senior Persons**

### **Remuneration of Whole Time Director**

The NRC Committee is responsible for assisting the Board of Directors in the Board's overall responsibilities relating to determination on their behalf and on behalf of the Shareholders with agreed terms of reference, the Company's policy on specific remuneration package for Whole Time Director including pension rights and any compensation payment. The following shall be the principal recurring processes of the NRC Committee in carrying out its responsibilities relating to Whole Time Director's Compensation. The processes are set forth as a guideline with the understanding that the NRC Committee may supplement them as appropriate.

1. Provide independent oversight of and consult with Company management regarding the Company's compensation, bonus, pension and other benefit plans, policies and practices applicable to the Company.
2. Develop guidelines for and annually review and approve (a) the annual basic salary, (b) the annual incentive and bonus, including the specific goals and amount, and (c) equity compensation for the Whole Time Director.
3. Review and approve (a) employment agreements, severance arrangements, and change in control agreements / provisions and (b) any other benefits, compensation or arrangements for the Whole Time Director.
4. Prepare an annual report regarding Whole Time Director's compensation for inclusion in the Company's financial statements as required under any Applicable Rules.
5. In consultation with outside consultants, evaluate and recommend the form and amount of compensation to the director and make recommendations to the Board.

### **Remuneration of Independent Directors:**

The Company is being benefited from the expertise, advise and inputs provided by the Independent Directors. The Independent Directors devote their valuable time in deliberating on the strategic and critical issues in the course of the Board and Committee meetings of the Company and give their valuable advice, suggestion and guidance to the management of the Company from time to time. Non-Executive - Independent Directors and Non-Executive Directors of the Company are paid following remuneration:

#### **Sitting Fees**

Rs. 1,00,000/- for every meeting of the Board, Audit Committee and Nomination and Remuneration Committee and Rs. 50,000/- for any other Committee meetings attended by Independent Directors and Non - Executive Directors.

## **5. Employee Stock Option Scheme (ESOS):**

The NRC Committee is responsible for assisting the Board of Directors in the Board's overall responsibilities relating to ESOS including, administration of the Company's stock incentive plans, and other similar incentive plans and interpret and adopt rules for the operation thereof. Establish guidelines for and approve the granting of stock options to key employees, officers and directors of the Company, including determination of the number of shares to be covered by each option, whether the option will be an incentive stock option or otherwise and the vesting schedule for each option.

- formulation of the detailed terms and conditions of the ESOS.
- the quantum of options to be granted under the ESOS per employee and in aggregate.
- the conditions under which options vested in employees may lapse in case of termination of employment for misconduct;
- the exercise period within which the employee should exercise the options and the lapse of such options on failure to exercise them within the exercise period;
- the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee.
- the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
- the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as right issues, bonus issues, merger, sale of division and others.
- In this regard following shall be taken into consideration by the NRC Committee:
  - The number and the price of ESOS shall be adjusted in a manner such that total value of the ESOS remains the same after the corporate action.
  - for this purpose best practices in this area shall be considered.
  - the vesting period and the life of the options shall be left unaltered as far as possible to protect the rights of the option holders.
  - the grant, vest and exercise of options in case of employees who are on long leave.
  - the procedure for cashless exercise of options, if any

## **6. Review of Policy**

The NRC Committee will review the policy from time to time and make recommendations on any required changes to Board for consideration and approval.

## **7. Disclosure of the Policy**

The necessary disclosure about the policy will also be made as per requirements of the Companies Act, 2013.

\*\*\*\*\*