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Nomination and Remuneration Policy

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November 10, 2014

Approved By

Chief Executive Officer, Nomination and Remuneration Committee and the Board of Directors

Nomination and Remuneration Policy

VE Commercial Vehicles Limited

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I. Objectives

The Nomination and Remuneration Policy is to be approved by the Board of Directors in compliance with Section 178 of the Companies Act, 2013 ('the Act'). The policy is to oversee the Company's nomination and fixation of remuneration process for the Directors and Key Managerial Personnel ('KMPs'). Under this policy a Nomination and Remuneration committee is already constituted.

The key objectives of the Committee are:

- (a) To guide the Board in relation to the appointment and removal of Directors, Key managerial personnel and senior Management.
- (b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- (c) To recommend to the board remuneration payable to the directors, key Managerial Personnel and senior Management.

II. Applicability

The Policy shall apply to nomination, appointment / removal, fixation of the remuneration, evaluation and appraisal of all the members of the Board of Directors, KMPs and Senior Managerial Personnel.

III. Definitions

- (i) 'Act' means the Companies Act, 2013 and Rules framed there under as amended from time to time.
- (ii) 'Board' means the Board of Directors of the Company.
- (iii) 'Directors' means the Directors of the Company.
- (iv) 'Key Managerial Personnel' means the Chief Executive Officer or Managing Director or the Manager, the Company Secretary, the Whole-time Director, the Chief Financial Officer or such other officer as may be prescribed.
- (v) 'Senior Management' means personnel of the Company who are members of its core management team excluding its Board of Directors comprising all members of Management one level below the Executive Director/CEO including functional heads.

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IV. Board of Directors

The Board of VECV will:

- Constitute the Nomination and Remuneration Committee as per provisions of the Act. **Already constituted.**
- Approve the Nomination and Remuneration policy as formulated by the Committee.
- Disclosure in its Annual Report, the Nomination and Remuneration policy.

V. Nomination and Remuneration Committee

(i) Composition of the Nomination and Remuneration Committee: The Board of Directors of the Company have already constituted the Nomination and Remuneration Committee in their meeting held on 30th April 2014 subject to reconstitution on the appointment of Independent Directors. The members of the Committee will be appointed and removed by and shall serve at the discretion of the Board.

(ii) Nomination and Remuneration Committee of VECV will be responsible for:

- (i) Identify persons who are qualified to become directors and who may be appointed on the Board.
- (ii) Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- (iii) In accordance with the criterion laid down, recommend to the Board the appointment and removal of senior managerial personnel.
- (iv) To carry out evaluation of every director's performance and recommend the appointment/ removal based on his/her performance.
- (v) To recommend to the Board policy relating to remuneration for directors, executive directors, KMPs and Senior Managerial personnel.
- (vi) To ensure that level and composition of the remuneration is reasonable and sufficient and relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

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(vii) Forming an opinion that any Director of the Company who possesses the requisite qualification for the practice of the profession, where any remuneration for services rendered which are of a professional nature by such director in other capacity other than as managing or whole-time director or manager.

(viii) Approval by way of a resolution passed for payment of remuneration covered under sections 196 and 197 read with Schedule V for the appointment of a managing or whole-time director or a manager.

VI . Frequency and conduct of the meetings of the Nomination and Remuneration Committee

- (i) The Committee shall meet at least once a year, and as and when committee members decide themselves. The Committee may meet in person or through other methods like video conferencing, audio conferencing etc. as may be permitted by law from time to time.
- (ii) A majority of the members of the Committee will constitute a quorum, or two members of the committee, whichever is less.
- (iii) The Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.
- (iv) The Chairperson of the Committee or, in his absence, any other member of the Committee authorised by him in this behalf shall attend the general meetings of the Company.
- (v) The decision to be taken by the Committee members may be taken by way of a Circular Resolution wherever it is not possible to have a meeting of the Committee members.
- (vi) The Committee may, at the expense of the Company, select and retain advisors to assist it in connection with its functions, as it deems necessary or appropriate.
- (vii) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.
- (viii) Members of the committee shall receive such fees, if any, for their services as committee members as may be determined by the Board.
- (ix) The Company Secretary of the Company shall act as Secretary of the Committee.

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VII. The Committee shall ensure that -

- (a) The level of composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of quality required to run the Company successfully;
- (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) Remuneration of directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short term and long term performance objectives appropriate to the working of the company and its goals.

VIII. The Nomination and Remuneration Policy shall be disclosed in the Board's Report.

IX. In case there is any inconsistency between the provisions of the Act or this policy, the provisions of the Act will apply.

X. The policy will be reviewed by the Committee as and when considered necessary and recommend it to the Board accordingly.