



REMUNERATION POLICY

Pursuant to the provisions of Section 178(3) of the Companies Act, 2013 (“**Act**”), and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”), as amended from time to time, the Nomination and Remuneration Committee of the Board (“**NRC**”) has formulated a policy relating to the remuneration for the Directors, KMP, Senior Management and other employees.

The philosophy for remuneration is based on the commitment of fostering a culture of leadership with trust. While formulating this policy, the NRC has considered the factors laid down in Section 178(4) of the Act which is as under:

- That the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The key principles governing the Remuneration Policy are as follows:

- Market competitiveness;
- Role played by the individual;
- Reflective of the size of the company, complexity of the sector/ industry / Company’s operations and the Company’s capacity to pay;
- Consistent with recognised best practices; and
- Aligned to any regulatory requirements.

In accordance with the policy, the Managing Director, Executive Director, KMPs, Senior Management and employees are paid fixed salary which includes basic salary, allowances, perquisites and other benefits and also annual incentive remuneration / performance-linked incentive subject to achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the NRC and the Board. The performance linked incentive is driven by the outcome of the performance appraisal process and



the performance of the Company.

Remuneration for Independent Directors and Non-Independent, Non-Executive Directors

The Non-Executive Directors, including Independent Directors, are paid sitting fees for attending the meetings of the Board and Committees of the Board. As per the policy, the overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company including considering the challenges faced by the Company and its future growth imperatives. The remuneration should also be reflective of the size of the Company, complexity of the business and the Company's capacity to pay the remuneration.

The Company pays a sitting fee of Rs. 30,000 per meeting per Director for attending meetings of the Board, Audit, Nomination and Remuneration and Executive Committees. For meetings of all other Committees of the Board, a sitting fee of Rs. 20,000 per meeting per Director is paid.

Within the ceiling as prescribed under the Act, the Non-Executive Directors including Independent Directors are also paid a commission, the amount whereof is recommended by the NRC and approved by the Board. The basis of determining the specific amount of commission payable to a Non- Executive Director is related to his attendance at meetings, role and responsibility as Chairman or member of the Board / Committees and overall contribution as well as time spent on operational matters other than at the meetings. The shareholders of the Company had approved payment of commission to the Non-Executive Directors at the Fifty– Fifth Annual General Meeting held on July 5, 2018 for each financial year to be distributed among the Directors in such manner as the Board of Directors may, from time to time, determine within the overall maximum limit of 1% (one percent) per annum or such other percentage as may be specified by the Act, from time to time. No Stock option has been granted to any Director.

As a policy, Mr. N. Chandrasekaran, Chairman, has abstained from receiving commission from the Company.

Further, in line with the internal guidelines of the Company, no payment is made towards commission to the Non-Executive Directors of the Company, who are in employment with any other Tata Company.