



Nomination and Remuneration Policy

Amara Raja Batteries Limited

CIN: L31402AP1985PLC005305

Registered office: Renigunta – Cuddapah Road, Karakambadi, Tirupati – 517520, Andhra Pradesh

Office: Terminal A, 1-18/1/AMR/NR, Nanakramguda, Gachibowli, Hyderabad – 500032

Tel: 91 (40) 23139000 Fax: 91 (40) 23139001

E-mail id: investorservices@amararaja.co.in Website: www.amararaja.co.in

Nomination and Remuneration Policy

1. Preamble

This Nomination and Remuneration Policy provides the framework defining the criteria with regard to qualifications, attributes of a person to be appointed as a Director and also on remuneration of members of the Board of Directors, Key Managerial Personnel and other senior management personnel of the Company.

This Policy is guided by the principles and objectives as enumerated in Section 178 of the Companies Act, 2013 to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company.

This policy reflects the remuneration philosophy and principles of the Amara Raja Group and considers the pay and employment conditions with peers / competitive market to ensure that pay structures are appropriately aligned.

2. Definitions

“Senior Management Personnel” means personnel of the Company who are members of the core management team excluding the Board and Directors including functional heads.

The words and expressions used and not defined in this policy but defined in the Companies Act or clauses of the listing agreement entered with the stock exchanges shall have the meanings respectively assigned to them in the Act/Rules and Regulations.

3. Policy for appointment and removal of Director, KMP and Senior Management

a. Appointment criteria and qualifications

- i. The Nomination and Remuneration Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as a Director, KMP or at Senior Management Personnel position in the Company and recommend to the Board his / her appointment to the respective positions.
- ii. A person should possess adequate qualification, expertise and experience for the position he /she is considered for appointment to the concerned position. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- iii. The Nomination and Remuneration Committee shall ensure the Board diversity policy of the Company is adhered to and also ensure an optimum and balanced members of the Board with varied experience to have an effective Board.

b. Term / Tenure

The term and tenure of the appointment of Executive Directors and Independent Directors shall be as per the applicable provisions of the Companies Act, 2013. For the KMP and senior management personnel the Company's HR Policies would be applicable as amended from time to time.

c. Evaluation

The Nomination and Remuneration Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

d. Removal

Due to reasons for any disqualifications mentioned in the Companies Act, 2013 or any other applicable act, rules and regulation thereunder, the Nomination and Remuneration Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, subject to the Compliance of the said Act, rules and regulations. The removal of the KMP and Senior Management Personnel shall be in accordance with company's HR policies as amended from time to time.

e. Retirement

The KMP and Senior Management Personnel shall retire as per and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

4. Policy relating to the Remuneration of Non-Executive Directors, Executive Director, Key Managerial Personnel and Senior Management personnel

a. Remuneration of Non-Executive Directors

- i. Non-Executive Directors ("NEDs") are paid remuneration by way of Sitting Fees and Commission.
- ii. As approved by the shareholders, Commission is paid at a rate not exceeding 4% per annum of the net profits of the Company computed in accordance with Section 198 of the Companies Act, 2013 including 3% to Dr. Ramachandra N Galla, non-executive Chairman and 1% to other non-executive directors in such sum and proportion as the Board may deem fit.
- iii. The payment of the Commission to the NEDs is placed before the Board every year for its consideration and approval.

- iv. The sitting fee payable to the NEDs for attending the Board and Committee meetings is fixed subject to the statutory ceiling.
- v. The NEDs nominated by the Johnson Controls INC are not entitled for any sitting fees and/or commission.

b. Remuneration of Executive Director

- i. The compensation paid to the Executive Directors (including Managing Director) is within the scale approved by the Shareholders. The elements of the total compensation are approved by the Nomination and Remuneration Committee within the overall limits specified under the Companies Act, 2013.
- ii. The elements of compensation of the Executive Director include salary, perquisites and commission.
- iii. In case of inadequacy of profit in any financial year, the remuneration payable to the Executive Director shall be further subject to the relevant provisions of the Companies Act, 2013.
- iv. Executive Directors will not be paid sitting fees for any Board/ Committee meetings attended by them.

c. Remuneration to Key Managerial Personnel and Senior Management Personnel except Managing Director

- i. The Company's total compensation for Key Managerial Personnel / other employees consists of:
 - fixed compensation
 - variable compensation in the form of Variable Performance Pay
 - benefits
 - work related facilities and perquisites
- ii. Fixed compensation is determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills, experience and performance of the employee. Fixed compensation broadly includes Basic Salary, Housing Allowance, Leave Travel Allowance and special allowance.
- iii. The Annual Variable Performance Pay (VPP) of Senior Management Personnel is linked directly to the performance of the Business Unit/ Company in accordance with the VPP Scheme of the Company and individual performance.
- iv. Based on the grade and seniority of employees, Benefits for employees include:

Health-Related:

- a. Health (hospitalization) insurance
- b. Accident and Life insurance

Retirement-Related:

- a. Contribution to a Superannuation Fund (in addition to statutory benefits such as Provident Fund account, Gratuity etc)
- v. Employees are also eligible for work related facilities and perquisites as may be determined through HR policies issued from time to time based on the Grade of the employee.
- vi. A formal annual performance management process is applicable to all employees, including senior executives. Annual increases in fixed and variable compensation of individual executives are directly linked to the performance ratings of individual employee.
- vii. Overall compensation shall be subject to periodic reviews which takes into account data from compensation surveys conducted by specialist firms, as well as factors such as affordability based on the Company's performance and the economic environment.
- viii. Employees may be eligible for severance payments in accordance with the termination clause in their employment agreement subject to applicable regulatory requirements

5. Adoption, Changes and Disclosure of Information

- i. This Nomination and Remuneration Policy and any changes thereof are approved by the Board of Directors based on the recommendation(s) of the Nomination and Remuneration Committee.
- ii. The policy may be reviewed at such intervals as the Board or Nomination and remuneration Committee may deem necessary.
- iii. Such disclosures of this Remuneration Policy as may be required under the Companies Act, 2013 and Listing Agreement may be made.