

REMUNERATION POLICY

The Board of Directors of the Company has constituted Nomination and Remuneration Committee in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 read with Part D of the Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

1. Composition of Nomination and Remuneration Committee (Committee)

The Committee shall consist of minimum three Non-Executive Directors out of which two shall be Independent Directors. The Chairman of the Committee shall be an Independent Director.

The quorum for any meeting of the Committee shall be either two members or one third of the members of the Committee present whichever is greater (any fraction to be rounded off to the next whole number) subject to a minimum of two independent members present.

All decisions taken at the Committee meeting shall be by a majority vote of the members present.

The Chairman of the Company (whether executive or non-executive) may be appointed as a member of the Committee but shall not chair such Committee. The Chairman of the Committee or in his absence, any other member of the Committee authorized by him in this behalf shall attend the general meetings of the Company to answer the shareholders queries. No member of the Committee shall have a relationship that may interfere with his independence from management and the Company or with the exercise of his duties as a Committee member.

The Committee may invite such of the executives of the Company, as it considers appropriate (and particularly the Managing Director & CEO) to be present at the meetings of the Committee, but on occasions it may also meet without the presence of any executives of the Company.

The Company Secretary shall act as the Secretary to the Committee.

2. Objective of Remuneration policy :

To lay down a framework in relation to remuneration of (a) Directors (Executive and Non-Executive) (b) Key Managerial Personnel (c) Senior Management Personnel

3. DEFINITIONS:

“Act” means the Companies Act, 2013 and the rules framed thereunder as amended from time to time.

“Board” means Board of Directors of the Company.

“Company” means Shriram Transport Finance Company Limited

“Directors” mean Directors of the Company.

“Key Managerial Personnel” means (a) Managing Director (b) Chief Executive Officer (CEO), (c) Chief Financial Officer (CFO) and (d) Company Secretary;

“Policy or This Policy” means “Remuneration Policy of the Company.”

“Senior Management Personnel” mean the personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the whole-time directors including the functional heads.

4. Meetings of Committee :

The Committee shall meet at least two times in a year.

The Committee may adopt procedural rules for its meetings and the conduct of its business, not inconsistent with this Policy, the Company’s Articles of Association or applicable laws. The Committee is governed by the same rules regarding meetings (including meetings by video conferencing), passing resolution by circulation, notice, waiver of notice, and voting requirements as are applicable to the Board. Adequate provision will be made for notice to members of all meetings.

The Committee agenda is developed by the Chairman of the Committee and the Managing Director & CEO with input from appropriate members of its core management team. The Committee may meet periodically with Senior Management personnel in separate executive sessions.

When present, the Chairman of the Committee shall preside over the Committee meetings. In his absence, the Committee members present may appoint a chairman from among themselves. The Chairman of the Committee shall report to the Board on Committee meetings and actions and the Company Secretary shall keep minutes of all Committee meetings, which are distributed to the Committee members for review and approval.

5. Powers of the Committee:

The Committee shall have powers, which include the following:

- i) To examine any activity within its terms of reference.
- ii) To seek information from any employee.
- iii) To obtain outside legal or other professional advice.
- iv) To secure attendance of outsiders with relevant expertise, if it considers necessary.
- v) Any other matter as may be assigned by the Board of Directors from time to time.

The Committee shall have the resources and authority necessary to discharge its duties and responsibilities. The Committee shall have authority to appoint and terminate outside counsel or other experts or consultants as it deems appropriate, including sole authority to approve the firms' fees and other retention terms. The Committee may for this purpose utilise the office of the Company Secretary to appoint and interact with such outside counsel or other experts or consultants. The Company will provide the Committee with appropriate funding, as the Committee determines for the payment of compensation to the Company's outside counsel and other advisors as it deems appropriate and administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. In discharging its responsibilities, the Committee is empowered to examine any matter relating to compensation and remuneration of which are brought to its attention. The Committee will have access to the Company's books, records, facilities, and personnel. Any communications between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Company and the Committee will take all necessary steps to preserve the privileged nature of those communications.

6. Role of the Committee :

- i) Formulation of the criteria for determining qualifications, positive attributes, and independence of a Director and recommend to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees. The Committee shall ensure 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 Personnel 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;
- ii) Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down by the Committee, recommend to the Board their appointment and removal.
- iii) Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors.
- iv) To carry out evaluation of every director's performance.
- v) To determine whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of independent directors. The tenure of extension or continuity of Independent Director shall be computed as the provisions of sub-section (10) and (11) of Section 149 of the Companies Act, 2013 read with Explanation thereto.
- vi) To recommend to the Board, all remuneration, in whatever form, payable to Senior Management.
- vii) Devising a policy on Board diversity
- viii) Formulation of Succession policy and Succession plan for Managing Director and CEO, Key Managerial personnel and Senior Management Personnel.

The Remuneration policy is placed on the website of the Company, and the salient features of the policy and changes therein, if any, along with the web address of the policy, if any, is disclosed in the Board's report.

7. Remuneration of Managing Director & CEO:

The 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 Managing Director & CEO including pension rights and any compensation payment. The following shall be the principal recurring processes of the Committee in carrying out its responsibilities relating to Managing Director & CEO Compensation. The processes

are set forth as a guideline with the understanding that the Committee may supplement them as appropriate.

- i) 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.
- ii) Develop guidelines for and annually review and approve (a) the annual basic salary, (b) the annual *variable remuneration* / incentive/ bonus, including the specific goals and amount and (c) equity compensation for the Managing Director & CEO
- iii) Review and approve (a) employment agreements, severance arrangements and change in control agreements/provisions and (b) any other benefits, compensation or arrangements for the Managing Director & CEO.
- iv) If in any financial year the Company has no profits or its profit are inadequate then Managing Director & CEO shall be entitled to receive the remuneration perquisite and benefits as approved by the Committee, Board of Directors and *if required, by* shareholders subject to compliance with the applicable provisions of the Act read with Schedule V to the Act, if and to the extent necessary with the approval of Central Government.
- v) In consultation with outside consultants, evaluate and recommend the form and amount of compensation to the director and make recommendations to the Board.

8. 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.

Independent Directors of the Company are paid following remuneration:

9. Sitting Fees :

Rs. 1,00,000/-for every meeting of Board, Rs. 35,000/- for every Committee meeting, Rs. 50,000/- for Audit Committee meeting and Rs 35,000/- for every meeting of Independent Directors attended by them.

10. Commission :

Equal commission be paid to all Independent Directors. However, Independent Directors who hold office for part of Financial Year be paid commission on pro-rata basis. The amount of commission will be decided by the Board of Directors for every financial year within the limit specified under the Act subject to the approval of shareholders obtained by passing necessary resolution in the general meeting of the Company.

11. Non-Executive Non-Independent Directors :

Non-Executive Non-Independent Directors shall be entitled to reimbursement of expenses for attending the meetings of the Board/Committees but shall not be entitled to receive the sitting fees.

12. Employee Stock Option :-

In order to attract and retain the key/ quality talent and to motivate the employees to achieve long term business goals, the Board may consider at appropriate time re-introduction of Employee Stock Options for the identified employees in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

13. General Responsibilities:

- i) Report to the Board on matters discussed at each Committee meeting.
- ii) Examine any matter brought to its attention within the scope of its duties.
- iii) Evaluate annually its own performance and discuss the outcome of the evaluation with the Board.
- iv) To review compensation related disclosures to be filed or submitted by the Company pursuant to applicable rules.
- v) The Committee shall review and reassess the adequacy of this Policy annually and recommend any proposed changes to the Board for approval.
- vi) Perform other functions as requested by the Board.

14. Changes in the governing laws:

Any changes in the governing laws such as the Listing agreements, Companies Act 2013, Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the other Laws, Rules, Notifications and Guidelines, if any, issued/framed thereunder and applicable to the Company which

has an effect of enlarging the scope, role and power of the Committee shall automatically form part of this policy to enlarge the role of the Committee provided herein above.