



Nomination & Remuneration Policy

Introduction:

This policy applies to the Board of directors, key Managerial Personnel and senior Management Personnel of Mazda Limited. ('the company').

The policy envisages framework for nomination, remuneration and evaluation of Board of Directors, Key Managerial Personnel and Senior Management Personnel In adherence to the requirement of section 178 of the Companies Act, 2013, clause 49 of the Listing Agreement and in line with the company philosophy toward nurturing its human resource.

The Company has a Remuneration Committee of the Board, consisting of three Non Executive Directors, pursuant to requirements of the Companies Act, 2013 and Listing Agreements with the Stock Exchanges. In order to align with the provisions of the Companies Act, 2013 and the Listing Agreement, the Board in their meeting held on 29th July, 2014 reconstituted and renamed the "Remuneration Committee" as "Nomination and Remuneration Committee".

1. Definitions:

"Board" means the Board of Directors of the company.

"Key Managerial Personnel ('KMP')" means

- (i) Chief Executive Officer or the Managing Director or the Manager;
- (ii) Whole-time Director;
- (iii) Chief Financial Officer
- (iv) Company Secretary; and
- (v) Such other officers as may be prescribed under the act from time to time.

"Nomination and Remuneration Committee"(hereinafter called 'Committee') means the Committee of the Board constituted or re-constituted from time to time under the provisions of Clause 49 of the Listing Agreement and Section 178 of the Companies Act, 2013.

"Senior Management Personnel ('SMP')" means company employees who are members of its core management team excluding Board of Directors and are one level below the executive directors, including functional heads.

2. Appointment and removal of Director, KMP and SMP

- a) The Committee shall consider criteria such as qualifications, skills, expertise and experience of the person to be appointed as Director, KMP or at Senior Management level and accordingly recommend to the board his/her appointment.
- b) The age of person to be appointed as Non Executive Director shall not be less than 21 years and more than 75 years. The Committee at its discretion may recommend to the board continuation of Director for further term of appointment who has completed 75 years.

The age of person to be appointed as Executive Director shall not be less than 21 years and not more than 70 years. The Committee at its discretion may recommend to the board continuation of Director for further term of appointment who has completed 70 years.

- c) The Company should ensure that the person so appointed as Director shall not be disqualified under Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force.
- d) The Director/ independent Director/KMP/SMP shall be appointed as per the provisions and procedure laid down under the Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force.
- e) the Committee may recommend to the Board for removal of a Director on account of any disqualification mentioned in Companies Act, 2013, rules made thereunder or under any other applicable act, rules and regulations or any other reasonable ground. The committee may also recommend to the Board for removal of KMP or SMP subject to the provisions and compliance of applicable Act, rules and regulation.
- f) term and tenure of a Director shall be in accordance with the provisions of the Companies Act, 2013 rules thereof and Listing Agreement as amended from time to time

3. Board Diversity

The Board shall have an optimum composition of Directors by comprising of experts from the different fields as may be decided by the Committee from time to time.

4. Remuneration of Managing Director/Whole-Time Directors:

The terms and condition of appointment and remuneration payable to Managing Director and Whole-Time Directors shall be recommended by the Nomination and Remuneration Committee to the board subject to the overall limits provided under the Companies Act, 2013 and rules made thereunder including any modifications and re-enactments thereto which shall be subject to approval by the shareholders at next Annual General Meeting of the company, if required and by the Central Government in case such appointment is at variance to the conditions specified schedule V of the Companies Act, 2013. Approval of the central government is not necessary if the appointment is made in accordance with the condition specified in schedule V to the act.

As per the provision of Companies Act, 2013, the Company may appoint a person as its Managing Director or Manager, Whole-time Director for a term not exceeding five years at a time.

The executive directors may be paid remuneration either by way of a monthly payment or at a specified percentage of net profits of the company or partly by one way and partly by other. The Board may approve payment of commission on the profits of the company subject to the overall limits provided into the act.

The break-up of the pay scale, performance bonus and quantum of perquisites including, employer's contribution to Provident Fund, pension scheme, medical expenses, etc. shall be decided and approved by the board on the recommendation of the committee and shall be within the overall remuneration approved by the share holders and Central Government, wherever required.

While recommending the remuneration payable to managing or whole time director, the committee shall inter alia, have regard to the following matters:

- Financial and operating performance of the company
- Relationship between remuneration and performance
- industry/ sector trends for the remuneration paid to executive directorate

5. Remuneration to Non- Executive / Independent Director:

The Non- Executive / Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof and are eligible for reimbursement of expenses for participation in board and other meetings.

Based on recommendation of committee, the board may decide the sitting fees payable to Non-executive directors provided that such fees shall not exceed the maximum permissible under the Companies act, 2013.

6. Nomination and Remuneration of KMP & SMP:

The Executive management of a company is responsible for the day to day management of a company. The Companies Act, 2013 has used the term "Key Managerial Personnel" to define the executive management.

The KMP is point of first contact between the company and its stakeholders. While the board of directors responsible for providing the oversight, it is Key Managerial Personnel and the senior management who are responsible for not just laying down the strategies as well as its implementation.

Among the KMP, remuneration of a Managing Director and Whole Time Director, shall be governed by the Section 178 of the Companies Act, 2013 dealing with "Remuneration of Managing Director and Whole Time Director".

Apart from the directors, the remuneration of all the other KMP such as the Chief Financial Officer and Company Secretary and any other officer that may be prescribed under the statute from time to time shall be determined by the of the company in consultation with the Managing Director and the Whole Time Director.

The Remuneration determined for all Senior Management Personnel shall be in line with the Company's philosophy to provide fair compensation to Key-Executive officer based on their performance and contribution to the company and to provide incentives.

The break-up of the pay scale and quantum of perquisites including, employer's contribution to Provident Fund, pension scheme, medical expenses, etc. shall be decided and approved by the board on the recommendation of the committee and shall be within the overall remuneration approved by the share holders and Central Government, wherever required.

7. Criteria for evaluation of Board

The evaluation of board shall be carried out annually as per the provisions of the Companies Act, 2013, rules thereof and listing agreement.

Performance evaluation of each Director will be based on the criteria as laid down from time to time by the Nomination and Remuneration Committee.

Criteria for performance evaluation shall include aspects such as attendance for the meetings, participation and independence during the meetings, interaction with Management, Role and accountability to the Board, knowledge and proficiency and any other factors as may be decided by the Nomination and Remuneration Committee.

Further, performance evaluation of an Executive Director will also be based on business achievements of the company.