



AUTO IGNITION LIMITED
CIN: U34300DL1971PLC207710

**Remuneration Policy for Directors, Key
Managerial Personnel and Other Employees**

This revision of remuneration policy is applicable with effect from 01.06.2025

TABLE OF CONTENTS

1. Introduction
2. Objectives of this Policy
3. Definitions
4. Nomination and Remuneration Committee
 - a) Guiding Principles for Constitution of Nomination and Remuneration Committee
 - b) Composition of Committee Members
 - c) Functions of the Nomination and Remuneration Committee
5. Applicability
6. Matters relating to the remuneration, perquisites for the Whole-time Director, Managing Director, KMP and Senior Management Personnel
7. Appointment, Removal & Retirement of Director, KMP and Senior Management
 - 7.1 Appointment of Director, KMP AND Senior Management
 - 7.2 Removal
 - 7.3 Retirement
8. Remuneration
 - 8.1 Remuneration to Managing Director /Whole Time Director
 - (1) Remuneration
 - (2) Minimum Remuneration
 - (3) Provisions for excess remuneration
 - 8.2 Remuneration to Non-executive / Independent Director
 - (1) Remuneration & Sitting Fees
 - (2) Profit-linked Commission
 - (3) Stock Options
 - 8.3 Remuneration to KMP, Senior Management Personnel and Other Employees
9. Amendments to the Policy

1. INTRODUCTION

In terms of Section 178 of the Companies Act, 2013 & Companies (Meeting of Board and its Powers) Rules 2014 as amended from time to time, this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees (**one level below the HOD**) of the Company has been formulated by the Nomination and Remuneration Committee of the Company and recommended this policy for the approval of the Board of Directors and the same has been approved by the Board of Directors of the Company. This policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal, retirement and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

2. OBJECTIVES OF THIS POLICY

This remuneration policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 (“Act”). In case of any conflict between the provisions of the law and this remuneration policy, the provisions of the law shall prevail over this policy and the company shall abide by the applicable law.

While formulating this policy, the Nomination and Remuneration Committee (“NRC”) has considered the factors laid down under Section 178(4) of the Act, which are as under:

- To 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;
- 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.

3. DEFINITIONS

In this Remuneration Policy unless the context otherwise requires:

1. **‘Act’** means Companies Act, 2013 and rules there under including any modification or re-enactment thereof;
2. **‘Board’** means the Board of Directors of the Company.
3. **‘Committee’** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board in accordance with the provisions of Section 178 of the Act or as may be amended from time to time.
4. **‘Company’** means Auto Ignition Limited.

5. **'Independent Director'** means the Independent Director of the Company appointed in pursuance of the Act.
6. **'Key Managerial Personnel' (KMP)** means the person(s) appointed as such in pursuance of Section 203 read with Section 2(51) of the Companies Act, 2013.
7. **'Rules'** means the rules framed under the Act, as amended or replaced from time to time;
8. **'Senior Management'** means personnel of the company who are members of its core management team excluding Board of Directors. It would comprise all members of management one level below the executive director(s), including the functional heads.
9. **'Non-Executive Director'** means the director who is not in the whole-time employment of the Company

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 or as may be amended from time to time shall have the meaning respectively assigned to them therein.

4. NOMINATION AND REMUNERATION COMMITTEE

a) GUIDING PRINCIPLES FOR NOMINATION AND REMUNERATION COMMITTEE

The Committee will meet at such intervals as deems fit to carry out the objectives set out in the Policy. **A quorum of two members is** required to be present for the proceedings to take place. The Committee members may attend the meeting physically or via permitted audio-visual mode, subject to the provisions of the applicable Regulations.

b) COMPOSITION OF COMMITTEE MEMBERS

The Committee shall consist of three or more Non-Executive Directors out of which not less than one-half shall be independent directors. The committee meeting will be held on need to basis and the minutes of the same be signed either by the Chairman of the Committee or any other member as may be elected by the members in that meeting.

However, members of the Committee can be change due to resignations and new appointments from time to time.

c) FUNCTIONS OF THE NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee shall, inter-alia, perform the following functions:

1. The Nomination and Remuneration Committee shall, formulate the Remuneration Policy of the Company.

2. Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.
3. The Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
4. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
5. To recommend to the Board on Remuneration payable to the Directors (including Non-Executive Directors, Independent Directors), KMP and senior Management.
6. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
7. Ensure that the Board comprises of a balanced combination of Executive Directors and Non-Executive Directors and also the Independent Directors.
8. Devise framework to ensure that Directors are inducted through suitable familiarization process covering their roles, responsibility and liability.
9. Decide/approve details of fixed components and performance linked incentives along with the performance criteria.
10. The Nomination and Remuneration Committee shall assist the Board in ensuring that plans are in place for orderly succession for appointments to the Board and to senior management.
11. To Develop a succession plan for the Board and to regularly review the plan.

Provided that Nomination and Remuneration Committee shall set up mechanism to carry out its functions and is further authorized to delegate any / all of its powers to any of the Directors and / or officers of the Company, as deemed necessary for proper and expeditious execution.

5. APPLICABILITY

This Policy is applicable to:

1. Directors viz. Executive, Non-executive and Independent
2. Key Managerial Personnel
3. Senior Management Personnel
4. Other Employees of the Company

6. MATTERS RELATING TO THE REMUNERATION, PERQUISITES FOR THE WHOLE-TIME DIRECTOR, MANAGING DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

- (a) The remuneration/compensation/profit-linked commission etc. to the Whole-time Director, Managing Director, Directors and Independent Directors will be determined by the Committee and recommended to the Board for approval. The remuneration/compensation/ profit-linked commission etc. shall be in accordance with the provision of the Companies Act, 2013 read with rules made there under and schedule V of the Companies Act, 2013 wherever required.
- (b) As regards the remuneration of KMP, Senior Management Personnel and other employees, the determination shall be effected by way of annual presentation before the Committee by Head-HR, which would have requisite details. The Committee shall peruse the same and approve accordingly.
- (c) Organization-wide Increments to the existing remuneration/compensation structure shall be approved by respective head, Increments to the Whole Time Director(s), Managing Director should be within the limits as provided in the Companies Act, 2013 or rules made there under read with Schedule V as amended time to time.
- (d) Where any insurance is taken by the Company on behalf of its Whole-time Director, Managing Director, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

7. APPOINTMENT, REMOVAL & RETIREMENT OF DIRECTOR, KMP AND SENIOR MANAGEMENT

7.1 APPOINTMENT OF DIRECTOR, KMP AND SENIOR MANAGEMENT

- (a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/her appointment.
- (b) A person should possess adequate qualification, expertise and experience for the position he/ she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- (c) Appointment of Independent Directors is subject to compliance of provisions of section 149 of the Companies Act, 2013, read with schedule IV and rules there under or as amended from time to time.
- (d) The Company shall not appoint or continue the employment of any person as, Managing Director and Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution and explanatory statement annexed to the

notice for such motion indicating the justification for extension of appointment beyond seventy years in compliance of the law.

- (e) Appointment or re-appointment of Whole-Time Director, Managing Director, Independent Director, Non- Executive Director, KMP shall be made as per the applicable provisions of the Companies Act 2013 or rules made there under as amended time to time.

7.2 REMOVAL

Due to any Disqualification under the Act, Rules or any other law, rules and regulations or Violation of the Code of Conduct and Ethics of the Company, the Committee may recommend to the Board with reasons recorded in writing removal of the concerned Director including Managing Director, Whole Time Director, KMP, or Senior Management Personnel from the services of the Company and such removal of Director, KMP or Senior Management Personnel shall be subject to the provisions and in compliance of the Companies Act, 2013 and all other applicable act, rules, and regulations, if any as may be applicable.

7.3 RETIREMENT

The Director including Managing Director, Whole Time Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act 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 subject to the approvals as required under the Applicable Laws.

8. REMUNERATION

8.1 REMUNERATION TO MANAGING DIRECTOR/ WHOLE TIME DIRECTOR

1. Remuneration

The Managing Director/Whole-time Director shall be eligible for remuneration as may be approved by the Shareholders of the Company on the recommendation of the Committee and the Board of Directors. The break-up of the pay scale, performance bonus and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee as per the provision of the Companies Act, 2013 and rules made there under including schedule V and shall be within the overall remuneration approved by the shareholders.

2. Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time

Director/Managing Director in accordance with the provisions of the Companies Act, 2013 and as per Schedule V of the Companies Act, 2013.

3. Provisions for excess remuneration

If any Whole-time Director/Managing Director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limit prescribed by this section or without approval required under this section, he shall refund such sums to the company, within two years or such lesser period as may be allowed by the company, and until such sum is refunded, hold it in trust for the Company. The company shall not waive the recovery of any sum refundable to it under section 197(9) unless approved by the company by special resolution within two years from the date the sum becomes refundable.

8.2 REMUNERATION TO NON-EXECUTIVE/INDEPENDENT DIRECTOR

1. Remuneration & Sitting Fees

The Non-executive/Independent Directors of the Company shall be paid remuneration as per proviso to section 149 (9) read with Schedule V of the Companies Act, 2013 and paid sitting fees per meeting as per section 197 (5) read with Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 or as may be amended from time to time. The quantum of sitting fees will be determined as per the recommendation of Nomination and Remuneration Committee and approved by the Board of Directors of the Company subject to the maximum amount permissible under the Act and Rules from time to time.

2. Profit-linked Commission

The profit-linked Commission shall be paid within the monetary limit approved by the shareholders of the Company subject to the same not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act.

3. Stock Options

As per section 149(9) of the Companies Act, 2013 notwithstanding anything contained in any other provision of this Act and Pursuant to the provisions of section 197 & 198 of the Companies Act, 2013, an Independent Director shall not be entitled to any stock option of the Company and may receive remuneration by way of fee provided under sub-section (5) of section 197, reimbursement of expenses for participation in the Board and other meetings and profit related commission as may be approved by the members.

Stock options shall be granted to such employees of the Company and its subsidiaries as may be recommended by the Nomination and Remuneration Committee and Board.

8.3 REMUNERATION TO KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES

Remuneration to Key Managerial Personnel shall be paid subject to the provision of the Companies Act, 2013 and rules made there under as amended from time to time.

The KMP, Senior Management Personnel and other employees of the Company shall be paid monthly remuneration as per the Company's HR policies. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, medical expenses, club fees etc. shall be as per the Company's HR policies.

This Remuneration Policy shall apply to all future/ continuing employment/ engagement(s) with the Company.

The remuneration for KMP and Senior Managerial Personnel and other employees of the Company shall be based on the org-wide recommendation/ presentation by the head-HR of the Company. In case any of the relevant regulations require that remuneration of KMPs or any other officer is to be specifically approved by the Committee and/ or the Board of Directors/shareholders then such compliance shall be made.

9. AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

In case of any amendment(s), clarification(s), circular(s), notifications etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.