

“NOMINATION AND REMUNERATION POLICY”

FEDERAL-MOGUL GOETZE (INDIA) LIMITED

Legal Framework

In an endeavor to make the hiring of directors, Key Managerial Personnel (KMP) & other senior official more transparent, the Companies Act, 2013 ('Act') and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with all/any statutory amendments thereto, require the Company to have the Nomination & Remuneration policy to inter-alia, set up the criteria of nomination and remuneration of directors, KMP, senior management & functional heads.

Definitions

For the purpose of this Policy:

- ✚ **'Act'** shall mean the Companies Act, 2013;
- ✚ **'Board'** shall mean the Board of Directors of Federal Mogul Goetze (India) Limited;
- ✚ **'Committee'** shall mean the Nomination and Remuneration Committee of the Company;
- ✚ **'Company'** shall mean Federal-Mogul Goetze (India) Limited;
- ✚ **'Directors'** shall mean the directors of the Company;
- ✚ **'Independent Director'** shall mean a director referred to in Section 149 (6) of the Companies Act, 2013 read together with Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- ✚ **'Key Managerial Personnel (KMP)'** shall mean the following:
 - (i) Executive Chairman and / or Managing Director (MD) and/or Manager
 - (ii) Whole-time Director (WTD);
 - (iii) Chief Financial Officer (CFO);
 - (iv) Company Secretary (CS);
 - (v) Such other officer as may be prescribed.
- ✚ **'Senior Management'** shall mean personnel of the company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer*.

**Effective from 1st April, 2018 pursuant to Securities And Exchange Board of India (Listing Obligations And Disclosure Requirements) (Amendment) Regulations, 2018*

OBJECTIVE & PURPOSE

The objective and purpose of this Policy are as follows:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To determine remuneration of Directors, KMP and other employees, based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies in the auto ancillary industry.
- To 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 To provide them reward linked directly to their efforts, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

SCOPE OF THE POLICY

The policy shall be applicable to the following:

1. Directors
2. Key Managerial Personnel (KMP)
3. Senior Management
4. Functional Heads

CONSTITUTION

- a) The Board shall determine the membership of the Committee.
- b) The Committee will comprise of at least three non- executive directors, majority of whom shall be independent directors.
- c) One of the independent non-executive directors shall be designated by the Board to serve as the Committee's Chairman.

NOMINATION, EVALUATION & REMOVAL CRITERIA

1. Broad Evaluation Mechanism

1.1 Evaluation of performance of the Board, its committees, individual directors and KMP shall be carried out either by the Committee or the Board/ an Independent External agency.

1.2 Evaluation of performance of , Senior Management Personnel, and Functional Heads shall be done by the Reporting Manager in accordance with applicable law and the policy of the Company as existing or as may be amended from time to time.

1.3 The following factors shall be reviewed while selecting a potential candidate for the position of the Board of Directors/ KMP/ Senior Management/ Functional Head:

- a. The skills, relevant experience, expertise and personal qualities that will best complement the position;
- b. Potential conflicts of interest, and independence;
- c. Detailed background information and performance track record;
- d. the ability to exercise sound business judgment;
- e. availability to attend Board and Committee meetings; and
- f. appropriate experience and/or professional qualifications.

2. Diversity of the Board, appointment criteria and qualification:

2.1 The Company aims to enhance the effectiveness of the Board by diversifying it and to obtain the benefit out of it by better and improved decision making. In order to ensure that the Company's boardroom has appropriate balance of skills, experience and diversity of perspectives that are imperative for the execution of its business strategy, the Company shall consider a number of factors, including but not limited to skills, industry experience, background, race and gender.

2.2 The Policy shall conform to the following two principles for achieving diversity on its Board:

- ✚ Decisions pertaining to recruitment, promotion and remuneration of directors will be based on their performance and competence; and
- ✚ For embracing diversity and being inclusive, best practices to ensure fairness and equality shall be adopted and there shall be zero tolerance for unlawful discrimination and harassment of any sort, whatsoever.

2.3 The Committee and/or HR function of the Company shall identify and ascertain the integrity, qualification, expertise and experience of a potential candidate.

2.4 In order to ensure a balanced composition of executive, non-executive and independent directors on the Board, the Company shall consider candidates from a wide variety of backgrounds, without discrimination based on the following factors:

Gender- The Company shall not discriminate on the basis of gender in the matter of appointment of directors on the Board.

Age- Subject to the applicable provisions of Companies Act, 2013, age shall be no bar for appointment of an individual as director on the Board of the Company.

2.5 A potential candidate should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The appointment of the directors shall be made taking into consideration that the qualification, expertise and experience possessed by such person are adequate for the position. The Directors of the Company shall have a mix of finance, legal, technical and management background, that taken together, provide the Company with considerable experience in a range of activities including varied industries, education, government, banking, and investment.

2.6 The Company shall not appoint or continue the employment of any person as whole time director who has attained the age of seventy years. Provided, however, that the term of the person holding this position may be extended beyond the age of seventy years subject to compliance of the applicable provisions of the Companies Act/ rules as existing or as may be amended from time to time.

2.7 The Company shall ensure that appropriate induction & training programmes are held/organised for new directors, KMP, members of senior management, and functional heads from time to time;

3. Term / Tenure:

3.1 Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time.

No re-appointment shall be made earlier than one year before the expiry of term of the Director appointed.

3.2 Independent Director

An Independent Director shall hold office for a term up to five years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for re- appointment in the Company as Independent Director after the expiry of three years from the date of cessation as such in the Company. The Committee shall take into consideration all the applicable provisions of the Companies Act, 2013 and the relevant rules, as existing or as may be amended from time to time.

4. Removal

Due to reasons of disqualification mentioned in the Companies Act, 2013 and the rules made there under or under any other applicable Act, rules and regulations, the Committee may recommend to the Board with reasons recorded in writing, removal of a director, KMP or senior management personnel or functional heads, subject to the provisions and compliance of the Act, rules and regulations.

5. Retirement

The director, KMP, senior management & functional heads shall retire as per the applicable provisions of the Companies Act, 2013 read with the rules made thereunder and the prevailing policy of the Company.

6. Remuneration

6.1 In discharging its responsibilities, the Company shall have regard to the following Policy objectives:

- To ensure the Company's remuneration structures are equitable and aligned with the long-term interests of the Company and its shareholders;
- To attract and retain competent executives;
- To plan short and long-term incentives to retain talent;
- To ensure that any severance benefits are justified.

6.2 The remuneration/ compensation/ commission etc. to the whole-time director, KMP and Senior Management will be recommended by the Committee to the Board at the time of appointment and in the case of functional heads and other employees, the same shall be decided in line with the Company's policy as may be in force from time to time, based on the qualification, experience and the best market practices.

6.3 The remuneration and commission to be paid to the Managing Director and/or whole-time director shall be in accordance with the percentage/ slabs/ conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013 and the rules made thereunder.

6.4 Increments to the existing remuneration/ compensation structure for Managing Director and/or whole-time director may be recommended by the Committee to the Board which shall be within the slabs approved by the shareholders in the case of whole-time Director/ Managing Director.

If in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director and/or Whole-time Director (s) in accordance with the provisions of Schedule V to the Companies Act, 2013. In case the Company is not able to comply with the requirement of Schedule V to the Companies Act, 2013, the Company shall pay the remuneration after compliance with the applicable requirements of law.

6.5 Remuneration to Non- Executive / Independent Director:

6.5.1 The Non-Executive / Independent Directors shall be paid such remuneration as may be approved by the Board on the recommendation of the Committee and as permissible under the provisions of the Companies Act 2013/ rules framed there under.

6.5.2 The Non- Executive/ Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the limits prescribed under Companies Act 2013.

MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be recorded as minutes and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

AMENDMENTS

In the event of any amendment in the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or issuance of any notification/clarification thereto, such amendments/clarification shall be deemed to be adopted by the Company and the policy stands amended to the extent of such change and in case of any conflict between the provisions of this policy and Companies Act, 2013/ SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the latter shall prevail.