



(Submitted to NRC meeting dated 26th July, 2019)

POPULAR VEHICLES & SERVICES LIMITED

Remuneration Policy for Directors' & Senior Management'

CRITERIA FOR SELECTION OF CANDIDATES FOR SENIOR MANAGEMENT AND MEMBERS ON THE BOARD OF DIRECTORS

Introduction:

In accordance with the provisions of Section 178 of the Companies Act, 2013, the Board of Directors of the Company at its meeting held on 16th January, 2019 constituted the Nomination and Remuneration Committee of the Board of Directors (Committee) and also stipulated additional terms of reference in line with the Companies Act, 2013.

The Board has delegated the responsibility to the Committee to formulate the criteria for identification, selection of the candidates fit for the various positions in senior management and who are qualified to be appointed as director on the Board of Directors of the Company.

The Committee has adopted the following criteria for selection of candidates eligible to be appointed in the senior management of the Company and also member on the Board of Directors of the Company.

Criteria for Selection of Directors:

The Committee shall, before making any recommendation to the Board for appointment of any director, consider the following;

- the candidate should possess the positive attributes such as Leadership, Management, Industrialist, Business Advisor or such other attributes which in the opinion of the Committee the candidate possess and are in the interest of the Company;
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- the candidate should be free from any disqualifications as provided under Sections 164 and 167 of the Companies Act, 2013;
 - the candidate should meet the conditions of being independent as stipulated under the Companies Act, 2013 and Listing Agreement entered into with Stock Exchanges in case of appointment of an independent director;
 - the candidate should possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations, infrastructure, or such other areas or disciplines which are relevant for the Company's business.
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Criteria for Selection of Senior Management Personnel:

The term Senior Management shall have the same meaning as provided under the explanation to Section 178 of the Companies Act, 2013.

The Committee shall, before making any recommendation to the Board for appointment, consider the attributes of the candidate set forth below:

- The candidate should have a minimum experience of 10 years in any of the areas viz. banking, infrastructure, financial management, legal, sales, marketing, administration, research, corporate governance, technical operations, or such other areas or disciplines which in the opinion of the management and Committee are relevant for the Company's business;
 - The candidate should possess the positive attributes such as leadership skills, decision making skills, effective communication, management skills, hard work, commitment and such other attributes which in the opinion of the Committee the candidate possess and are in the interest of the Company.
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If the Committee thought fit and in its opinion finds that the candidate meets the above criteria for appointment in senior management or director on the Board, as the case may be, the Committee shall make its recommendation to the Board.

Any amendment to the above criteria for directors and senior management shall be subject to the prior approval of the Committee and any such amendment shall be informed to the Board of Directors.

Policy on Remuneration of Directors, Key Managerial Personnel and other employees

1.01 Guiding Principles:

- The terms of employment and remuneration of MD, WTD, KMPs and SMPs shall be competitive in order to ensure that the Company can attract and retain competent talent
- The remuneration Policy shall ensure that:
 - The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors/KMPs and SMPs of the quality required to run the Company successfully.
 - Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
 - Remuneration to Directors, KMP and SMP involves a balance between fixed and variable pay reflecting short and long term performance objectives and goals set by the Company.
 - Remuneration package is linked to the achievement of corporate performance targets and a strong alignment of interest with stakeholders
- While determining the remuneration and incentives for the MD/ WTD and KMP's, the following shall be considered:
 - pay and employment conditions with peers / elsewhere in the competitive market
 - benchmarking with the industry practices
 - Performance of the individual
 - Company Performance
- For the benchmarking with Industry practice, criteria of size, complexity, data transparency and geographical area shall also be given due consideration
- The pay structures shall be appropriately aligned across levels in the Company.

1.02 Remuneration Policy:

(1) Managing Director/ Whole Time Directors:

- Remuneration to the MD and WTD shall be proposed by the NRC and subsequently approved by the Board of Directors and the shareholders of the Company, whenever required.
- Remuneration shall be evaluated annually against performance and a benchmark of international and domestic companies, which are similar in size and complexity.
- Total remuneration for the MD and WTD shall be comprised of the following:

 - Salary (both fixed & variable).
 - Perquisites like house rent allowance, domiciliary medical expenses and club memberships etc.
 - Retiring benefits, made in accordance with applicable laws and policies of the Company.
 - In addition, they shall also be entitled to a Performance Bonus linked to their individual performance and also the performance of the Company.

(2) Non-Executive Directors:

- NEDs shall be entitled to such sitting fees as may be decided by the Board of Directors from time to time for attending the meeting of the Board and of the Committee thereof.
 - NEDs shall also be entitled for payment of commission, if any, as upto the limits permitted in Section 197 of the Companies Act, 2013 and approved by the shareholders from time to time.
 - IDs shall not be eligible for any Stock Options, pursuant to any Stock Option Plan adopted by the Company.
 - The NEDs shall be eligible for remuneration of such professional services rendered if in the opinion of the NRC, the NED possesses the requisite qualification for rendering such professional services.
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(3) Key Managerial Personnel, Senior Management and other Employees

- Appointment and removal of KMPs shall be done with approval of the Board on recommendation of NRC.
 - The remuneration to Personnel of Senior Management and KMPs shall be governed by the HR Policy of the Company.
 - The remuneration to other employee shall be governed by the HR Policy of the Company.
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1.03 APPLICABILITY:

- This Remuneration Policy shall apply to all existing and future employment agreements with KMPs & SMPs and also with the Directors.
 - In all respects, the Remuneration Policy shall be subject to overall guidance of the Board of Directors. Any departure from the policy shall be approved by the Board.
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DISCLOSURES:

The Company shall disclose in the Board's Report, such particulars as are prescribed under the Companies Act, 2013 and Rules made there under

POPULAR VEHICLES AND SERVICES LIMITED

NOMINATION & REMUNERATION POLICY

1. PREAMBLE

Popular Vehicles and Services Limited (the “**Company**”) has formulated this Nomination and Remuneration Policy (“**Policy**”) to provide a framework for remuneration of members of the board of directors (the “**Board**”) of the Company, key managerial personnel, and other employees of the Company.

This Policy is guided by the principles and objectives as enumerated in Section 178 (3) of the Companies Act, 2013 and the rules made thereunder, each as amended (the “**Act**”) and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**SEBI Listing Regulations**”), 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 Company and considers the pay and employment conditions with peers / competitive market to ensure that pay structures are appropriately aligned.

2. REMUNERATION OF NON-EXECUTIVE AND INDEPENDENT DIRECTORS

- 2.1. Non-Executive and Independent Directors (“**NEDs**”) will be paid remuneration by way of sitting fees and commission. The remuneration / commission / compensation to the NEDs will be determined by the Nomination and Remuneration Committee (“**NRC**”) and recommended to the Board for its approval.
- 2.2. If approved by the shareholders at the shareholders meeting, the commission will be paid to the NEDs at a rate not exceeding 1% per annum of the profits of the Company as computed in accordance with Section 198 of the Act. The commission to be paid will be restricted to a fixed sum within the above limit annually on the basis of their tenor in office during the financial year.
- 2.3. The payment of the commission to the NEDs will be placed before the Board every year for its consideration and approval. The sitting fee payable to the NEDs for attending the Board and NRC meetings will be fixed, subject to the statutory ceiling. The fee will be reviewed periodically and aligned to comparable best in class companies.
- 2.4. Keeping with evolving trends in industries and considering the time and efforts spent by specific NEDs, the practice of paying differential commission will be considered by the Board.
- 2.5. NEDs will not be eligible to receive stock options under the existing employee stock option scheme(s) (“**ESOP**”) of the Company.
- 2.6. NEDs are entitled to be paid all travelling and other expenses they incur for attending to the Company’s affairs, including attending meetings of the Company.

2.7. The remuneration payable by the Company to NEDs shall be subject to the conditions specified in the Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

3. REMUNERATION OF EXECUTIVE DIRECTOR

3.1 The compensation paid to the executive directors (including managing director) will be within the scale approved by the shareholders. The elements of the total compensation, approved by the NRC will be within the overall limits specified under the Act.

3.2 The elements of compensation of the executive director include the elements as described in 4 below.

3.3 The NRC will determine the annual variable pay compensation in the form of annual incentive and annual increment for the executive director based on Company's and individual's performance as against the pre-agreed objectives for the year.

3.4 The executive directors, except for a promoter director, will also be eligible for ESOPs as per the ESOP scheme in force from time to time. Grants under the ESOP scheme shall be approved by the NRC.

3.4 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 Act.

3.5 Executive directors will not be paid sitting fees for any Board / committee meetings attended by them.

3.6 The remuneration payable by the Company to the executive directors shall be subject to the conditions specified in the Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

4. REMUNERATION TO KEY MANAGERIAL PERSONNEL / OTHER EMPLOYEES

4.1. The Company's total compensation for Key Managerial Personnel as defined under the Act / other employees will consist of:

- fixed compensation
- variable compensation in the form of annual incentive
- benefits
- work related facilities and perquisites.

4.2. In addition, select senior executives will be eligible for long-term incentive plan in the form of ESOPs, as per the ESOP scheme in force from time to time. Grants under the ESOP scheme will be approved by the NRC.

4.3. Fixed compensation will be 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 will include basic salary, housing allowance, leave travel allowance and a cash allowance.

4.4. The annual incentive (variable pay) of executives will be linked directly to the performance of the Company.

4.5. Based on the grade and seniority of employees, benefits for employees include:

- Health-Related
- Health (hospitalization) insurance
- Accident and life insurance
- Retirement-related
- Contribution to a superannuation fund (in addition to statutory benefits such as provident fund account, gratuity, etc.)

4.6. Employees will also be eligible for work related facilities and perquisites as may be determined through human resources policies issued from time to time based on the grade of the employee.

4.7. A formal annual performance management process will be applicable to all employees, including senior executives. Annual increases in fixed and variable compensation of individual executives will be directly linked to the performance ratings of individual employee.

- 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.
- Employees may be eligible for ESOPs as per the ESOP scheme approved by the Shareholders and in force from time to time. The objective of the ESOP is to reward the Eligible Employees, for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Company.
- Employees may be eligible for severance payments in accordance with the termination clause in their employment agreement subject to applicable regulatory requirements.

5. COMMITTEE MEMBERS INTEREST

5.1. A member of the NRC is not entitled to participate in the discussions when his/her own remuneration is discussed at a meeting or when his/her performance is being evaluated.

5.2. The NRC may invite such executives, as it considers appropriate, to be present at the meetings of the NRC.

6. ADOPTION, CHANGES AND DISCLOSURE OF INFORMATION

6.1. This Policy and any changes thereof will be approved by the Board based on the recommendation(s) of the NRC.

6.2. This Policy may be reviewed at such intervals as the Board or NRC may deem necessary.

6.3. Such disclosures of this Policy as may be required under the Act and SEBI Listing Regulations may be made.

7. DISSEMINATION OF POLICY

A copy of this Policy shall be handed over to all Directors within two month from the date of approval by the Board. This Policy shall also be posted on the website of the Company and the details of this Policy, including the evaluation criteria, shall be mentioned in the Annual Report of the Company.

DATE: 10/06/2021