

ZF STEERING GEAR (INDIA) LIMITED

SELECTION OF INDEPENDENT DIRECTORS, REMUNERATION POLICY & BOARD DIVERSITY POLICY

(I) Criteria for Determining Qualifications, Positive Attributes & Independence of Director

1. Qualifications of Independent Director:-

An Independent Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the Company's business.

2. Positive attributes of Independent Director:-

An Independent Director shall be a person of integrity, who possesses relevant expertise and experience and who upholds ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner and in the interest of the Company. He shall be in a position to devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the Company in implementing the best corporate governance practices.

3. Independence of Independent Director:-

An Independent director should meet the requirements of the Companies Act, 2013 (the Act) and Clause 49 of the Listing Agreement concerning independence of director.

(II) Remuneration Policy for Directors, Key Managerial Personnel and other employees

A Non-Executive Directors (NEDs) :-

NEDs shall be paid a sitting fee of such sum, as may be decided by the Board from time to time (subject to a limit prescribed under the Act), for every meeting of the Board or committee thereof attended by them as a member unless otherwise decided.

The Company has no stock options plans and no payment by way of bonus, pension, incentives etc. shall be made.

B Executive Directors:-

The Remuneration to Executive Directors is recommended by the Nomination and Remuneration Committee (the Committee) and approved by the Board of Directors (the Board), subject to subsequent approval by the shareholders at the General Meeting and such other authorities, as the case may be.

The Remuneration shall be determined taking into account various factors such as qualification, experience, expertise, prevailing remuneration in the industry, the Company's overall performance/ financial position and the Director's performance, in a manner which will ensure and support a high performance culture. The Remuneration shall be reasonable and sufficient to attract, retain and motivate the Executive Directors.

The elements of the remuneration and limits are pursuant to the Sections 178, 197 and Schedule V to the Act and also Clause 49 of the Listing Agreement.

Remuneration Structure:-

The remuneration structure for the Executive Directors would include Basic Salary, Perquisites, Allowances and Commission. The amount of yearly Commission, if any, will be strictly linked to the Director's performance in the financial year and would also depend upon financial-performance recorded by the Company. The amount of commission shall be determined based on recommendation of the Committee and approval of the Board. In addition to the above, the remuneration would also include Contribution to Provident and Superannuation Funds and Gratuity. The Company has no Stock-option plans and hence, such instruments do not form part of the remuneration package.

Minimum Remuneration:-

If in any financial year during the tenure of the Executive Directors, the Company has no profits or its profits are inadequate, they shall be entitled to, by way of Basic salary, Perquisites, Allowances not exceeding the ceiling limit specified under Part IV of the Schedule V of the Act or such other limits as prescribed by the Government from time to time as Minimum Remuneration.

C. Remuneration to Key Managerial Personnel, Senior Management and other

Employees:-

The compensation for the Key Managerial Personnel, Senior Management and other employees would be guided by the external competitiveness and internal parity, with an Objective of having a compensation philosophy and structure which will attract, retain and motivate talent in the Company.

The Remuneration will be such as to ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks. It will also be based on qualification, experience and expertise in the relevant field.

While all the employees will have fixed pay-structure with performance-linked annual increments, senior management may be additionally given performance-linked incentives.

(III) Board Diversity Policy:-

The Company recognizes and embraces the benefits of having a diverse Board of Directors and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage in the complex business that it operates. It is recognized that a Board composed of appropriately qualified people with broad range of experience relevant to the business of the Company is important to achieve effective corporate governance and sustained commercial success of the Company. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions amongst Directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. At a minimum, the Board of the Company shall consist of at least one woman Director. All Board appointments are made on merit, in the context of the skills, experience, independence, knowledge and integrity which the Board as a whole requires to be effective.

The above criteria and policy are subject to review by the Nomination & Remuneration committee and the Board of Directors of the Company.

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Chairman