

CG Power and Industrial Solutions Limited (Formerly Crompton Greaves Limited)

Registered Office:

CG House, 6th Floor, Dr Annie Besant Road, Worli, Mumbai 400 030, India

T: +91 22 2423 7777 F: +91 22 2423 7733 W: www.cgglobal.com

Corporate Identity Number: L99999MH1937PLC002641



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REMUNERATION POLICY

I. OBJECTIVE

In terms of the requirement stated under Companies Act, 2013 and Regulation 19 of the SEBI Listing Regulations, CG Power and Industrial Solutions Limited ('the Company') has formulated the Remuneration Policy ('Policy') which deals with the remuneration of the Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company.

The objective of the Policy is to ensure that the Directors, KMPs, Senior Management and other executives of the Company are governed by a comprehensive compensation criteria that fosters meritocracy and growth of the Company and that, remuneration packages are designed to attract and retain high calibre personnel.

The Policy is guided by the principles as envisaged under Section 178 of the Companies Act, 2013. The Policy has been approved by the Nomination and Remuneration Committee ('NRC') at its meeting held on 2nd February 2015 and by the Board at its Meeting held on 3 March 2015. The Policy shall be applicable only to CG India.

II. DEFINITIONS

A. KEY MANAGERIAL PERSONNEL

'Key Managerial Personnel' (KMP) means:

- i. Chief Executive Officer or the Managing Director or the Manager,
- ii. Company Secretary,
- iii. Whole-time Director,
- iv. Chief Financial Officer and
- v. such other officer as may be prescribed under the Companies Act, 2013.

B. SENIOR MANAGEMENT

'Senior Management' mean personnel of the Company who are members of its core management team (CEO minus 1 level) excluding Board of Directors.

C. NOMINATION AND REMUNERATION COMMITTEE

'Nomination and Remuneration Committee' or 'NRC' shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations.

III. APPOINTMENT OF DIRECTOR, KMP AND SENIOR MANAGEMENT

NRC plays a critical role in the process of appointment of Directors, KMPs and Senior Management as well as reviewing the outcome of evaluation processes and resulting senior management's compensation.



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A. APPOINTMENT CRITERIA AND QUALIFICATIONS:

NRC shall identify and ascertain the qualification, expertise and experience of the persons being considered for appointment as a Director, KMP or at Senior Management level and recommend the appointment to the Board.

B. INDEPENDENCE OF INDEPENDENT DIRECTORS:

In case of appointment of an Independent Director, such person shall additionally meet the requirements and procedures as stipulated in Section 149 of the Companies Act, 2013 read with Schedule IV of the said Act, Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 available on the website of the Company www.cgglobal.com and any other requirements set by the Nomination and Remuneration Committee.

IV. PROVISIONS RELATING TO REMUNERATION OF DIRECTORS, KMP AND OTHER EMPLOYEES

A. REMUNERATION TO NON-EXECUTIVE DIRECTORS (INCLUDING INDEPENDENT DIRECTORS):

1. Remuneration / Commission:

The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the Rules made thereunder for the time being in force.

The remuneration / commission shall be based on following principles :

- (i) The overall commission to be paid to Non-Executive Directors (NED) shall be within the limits approved by the shareholders, subject to a limit not exceeding 1% of the profits of the Company computed as per the provisions of the Companies Act, 2013.
- (ii) Every NED shall receive a fixed amount of commission, to recognise his/her position as an NED on the Board of Directors of the Company. The fixed pay will be proportionately adjusted vis-a-vis Directors attendance.
- (iii) An NED, who is a member of the Board Committees of the Company which are formed for statutory purposes, will receive a fixed amount for every Committee Meeting attended, in addition to (ii) above.
- (iv) An NED, who is the Company's nominee on the Board/Committee of Directors of joint venture, subsidiary or associate companies, will receive an additional amount, for every Board/Committee meeting attended.
- (v) An NED may further receive an additional amount, if necessary, based on his/her time and involvement with the Company's executives, to strengthen systems and processes, contributions to strategic direction, etc.



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- (vi) Amounts at (iii), (iv) and (v) will be per diem amounts, based on an assumption of 8 hour day, computed and paid for the actual duration of the Meetings, excluding days for travel and preparatory work.

2. Sitting Fees:

The Non- Executive Directors 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 maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee.

3. Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

B. CEO AND MANAGING DIRECTOR

The remuneration paid to the CEO and Managing Director and revisions thereto are recommended by the NRC and approved by the Board, within the framework of shareholders' approval. The remuneration to CEO and Managing Director shall take into account the Company's overall performance, Managing Director's contribution towards Company's performance and trends in the industry in general, in a manner, which will ensure and support a high performance culture. The annual remuneration package of the CEO and Managing Director of the Company comprises of a fixed salary component, a basket of allowances/reimbursements, performance bonus or incentive/commission, housing and other cash as well as non-cash perquisites. The payment of a significant part of the performance bonus or incentive/commission may be delayed over a period of one or more years.

C. KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT AND OTHER EXECUTIVES

CG Reward Philosophy

Executive compensation would be guided by the external competitiveness and internal parity through benchmarking surveys.

Fixed and variable pay

Remuneration would comprise of fixed and variable components of the remuneration to ensure that employees are rewarded for professional services rendered in line with the level of expertise and skill required, as well as, to provide an incentive to pursue the goals and interests of the Company. Senior Management compensation shall comprise of a higher component of variable pay as compared to the lower levels. The variable components of the remuneration shall be determined based on the Company's performance, financial performance and individual performance. Company and business performance will be measured on quantitative and financial parameters whilst individual performance will be measured on qualitative attributes. The performance measurement criteria and weightages should be aligned with the benchmark study conducted across the competitive enterprises.



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D. ANNUAL REMUNERATION REVIEW

Average increase in remuneration every year would be a result of growth of economy, inflation, mandatory increases, business performance, market surveys for salary projections etc. Once the overall increment budget is decided, the increment matrix would aim at creating a sharper differentiation in pay for individual performance. Internally, performance ratings of all executives would be spread across a normal distribution curve. The rating obtained by an employee will be used as an input to determine the fitment into the increment matrix.

E. WORKMEN

Workmen will be paid wages in accordance to the settlement with the recognized union of the workers as per industry practice, as applicable. Where there is no union, workmen wages are as per the industry practice and applicable law would apply. All remuneration components would be in accordance with applicable statutory compliances.

V. PROVISIONS RELATING TO LOANS AND AVANCES TO EMPLOYEES

The Company may provide loans or advances to its employees. Such loans and advances shall be governed by the provisions of the applicable HR policies, Rules of Procedure for Management and applicable provisions of the Companies Act, 2013 and Rules made thereunder.

VI. DEVIATIONS FROM THIS POLICY

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

Mumbai, 3 March 2015



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