

REMUNERATION POLICY

The remuneration policy for members of the Board of Management is drafted in a manner which aims to improve the performance of the Board of Directors of Auckland International Limited (the 'Company') and subsequently enhance the value of the Company, to motivate and retain them, and to be able to attract other highly qualified executives to enter into Auckland's service, when required.

In determining the remuneration policy, the Remuneration Committee ensures that a competitive remuneration package for Board-level executives commensurate to their talent is maintained and benchmarked with other similar companies operating in domestic market.

The terms of reference, objectives and key elements of the policy produced below is in line with the provisions of Section 178(4) of the Companies Act, 2013, which requires that the policy be formulated in a manner such that it ensures 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 and also that relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

Deviations from elements of this remuneration policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be disclosed in the annual report or, in case of an appointment, in good time prior to the appointment of the individual.

OBJECTIVES OF REMUNERATION POLICY

The objective of Auckland International Limited's remuneration policy is to attract, motivate and retain qualified and expert individuals that the Company needs in order to achieve its strategic and operational objectives, whilst acknowledging the societal context around remuneration and recognizing the interests of Auckland International Limited's stakeholders.

BASIS OF FORMULATION

The Company while deciding the remuneration package of the senior management members takes into consideration the following items:

- a. employment scenario
- b. remuneration package of the industry and
- c. remuneration package of the managerial talent of other industries.

KEY ELEMENTS OF THE POLICY

The following elements are taken into consideration:

- a) Auckland International Limited strives for a high performance in the field of sustainability and aims to maintain a good balance between economic gains, respect for people and concern for the environment in line with Auckland International Limited's values and business principles as reflected in the Company's Code of Business Conduct. The remuneration policy reflects a balance between the interests of the Company's main stakeholders as well as a balance between its short-term and long-term strategy. As a result, the structure of the remuneration package for the Managing Board is designed to balance short-term operational performance with the medium and long-term objective of creating sustainable value within the Company, while taking into account the interests of its stakeholders.
- b) To ensure that highly skilled and qualified senior executives can be attracted and retained, Auckland International Limited aims for a total remuneration level that is comparable to levels provided by other companies that are similar to the Company in terms of size, line of production and complexity.
- c) The remuneration policies for the members of the Managing Board and for other senior executives of Auckland International Limited are aligned.
- d) The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- e) The 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:

Features of the Remuneration Policy for Members of the Board of Management:-

Terms of reference

The terms of reference of the Remuneration Committee, inter alia, consists of reviewing the overall compensation policy, service agreements, performance incentive and other employment conditions of Board Member(s). The recommendations of the Remuneration Committee are considered and approved by the Board of Directors, subject to the approval of the shareholders, where necessary. The Company Secretary is the Secretary to the Committee.

The remuneration of the Executive Director is recommended by the Remuneration Committee based on criteria such as industry benchmarks, the Company's performance vis-à-vis the industry, responsibilities shouldered, performance/track record, review on remuneration packages of heads of other organisations and is decided by the Board of Directors, subject to the approval of the shareholders at the General Meeting of the Company. The Company pays remuneration by way of salary, perquisites and allowances (fixed component) to its Executive Director.

Constitution

The Remuneration Committee currently comprises of three (3) Directors and is chaired by Mr. M C Singhi, an Independent Director. During the year under review one (1) Meeting was held on 15th July, 2013.

The details of composition of the Remuneration Committee along with attendance of the Committee Members at the meetings held during the year under review, is as detailed herein:

Name of Directors	Category	Number of Meetings attended
Shri M C Singhi	Non Executive – Independent	1
Shri B S Rampuria	Non Executive	-
Shri H Tapadar	Non Executive	1

Remuneration payable to Executive Director

Shri Hirendra Singh Bayed, Executive Director & CEO of the Company was re-appointed on a contractual basis in terms of resolution passed by the shareholders at the Thirty-fifth Annual General Meeting held on September 27, 2013 for a period of 3 years with effect from August 1, 2013. The elements of the remuneration package of the Executive Director comprises of salary, perquisites & allowances comprising of Company maintained accommodation or house rent allowance, leave travel allowance and other perquisites and allowances including Company's contribution to provident fund, gratuity and leave encashment facilities in accordance with rules of the Company.

There is no Annual Performance linked incentive apart from increments offered at the time of re-appointment on the recommendation of the Remuneration Committee.

The details of the remuneration paid to Shri Hirendra Singh Bayed, Executive Director & CEO of the Company during the year ended March 31, 2013 is as under:

Particulars	(Rs.)
Salary & Allowances*	48257

Dearness Allowance	30% of Basic Salary
House Rent Allowance	40% of Basic Salary

Thus, the Company pays remuneration by way of salary, perquisites and allowances (fixed component) to its Whole-time Director. Salary is paid within the range approved by the Shareholders. Annual increments effective 1st April each year, is recommended by the Remuneration Committee and approved by the Shareholders at the 35th Annual General Meeting. The ceiling on perquisites and allowances as a percentage of salary is fixed by the Board. Within the prescribed ceiling, the perquisites package is approved by the Remuneration Committee.

Remuneration payable to Non-Executive Directors

The Non-Executive Directors have decided to forgo their sitting fees for attending the meetings of the Company at the meeting of Board held on 15th May, 2013.

None of the Non-Executive Directors are entitled to any remuneration. The Non-Executive Independent Directors of the Company do not have any other material pecuniary relationships or transactions with the Company or its directors, senior management, subsidiary or associate, other than in normal course of business.

Service Contracts, Severance Fees and Notice Period

Period of Contract of ED : From 01.08.2013 to 31.07.2016

The contract may be terminated by either party giving the other party six months' notice or the Company paying six months' salary in lieu thereof.

There is no separate provision for payment of severance fees.

Contracts of employment

Members of the Board of Management have a contract of employment with the Company. The form of contract used for members of the Board of Management is in line with the standard form used for other Auckland's Executives. The main elements of the contract of a newly appointed member of the Board of Management shall be made public no later than at the time of issuance of the notice convening the General Meeting of Shareholders in which a proposal for appointment of a member of the Board of Management is placed on the agenda.

Effective Date

The policy comes into effect from 1st April, 2014.