

HONDA CARS INDIA LIMITED

REMUNERATION POLICY

I. INTRODUCTION:

In compliance with provisions of Section 178 of the Companies Act, 2013, this policy on remuneration of Directors, Key Managerial Personnel (KMP), Senior Management Personnel and other employees/associates of the Company has been formulated by the Nomination and Remuneration Committee and approved by the Board.

The objective of this Policy is to ensure that the remuneration effectively helps to retain, motivate and promote talent and to ensure long term sustainability of talented personnel and create competitive advantage.

II. DEFINITIONS

- a) "Board" means Board of Directors of the Company.
- b) "Directors" mean Directors of the Company.
- c) "Committee" means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- d) "Company" means Honda Cars India Limited.
- e) "Key Managerial Personnel" (KMP) means-
 - (i) President & CEO;
 - (ii) Director – Finance & CFO;
 - (iii) Company Secretary.
- f) "Senior Management Personnel" means Operating Heads of the Company, one level below the Executive / Whole Time Directors.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein shall have the meaning respectively assigned to them in the Companies Act, 2013 and the Rules framed thereunder.

III. REMUNERATION POLICY

Non-Executive Independent Directors

Non-Executive Independent Directors are paid remuneration in the form of sitting fees, as fixed by the Board from time to time, for attending meetings of the Board and Committees thereof.

Executive/Whole Time Directors

The Company pays remuneration to Whole Time Directors by way of basic salary, perquisites, allowances and variable pay, apart from retirement benefits like Provident Fund (PF), Gratuity, etc. as per the Company's Policy.

The remuneration payable to Whole Time Directors is determined after considering the factors including individual's existing salary level & merit, cost of living, overall performance of the Company and relevant industry benchmark and practices. The guiding philosophy here is to engage and retain the right talent.

The Committee shall recommend remuneration (including increments from time to time) of the Whole Time Directors to the Board for its approval, subject to necessary approval by the Shareholders of the Company.

The remuneration paid to Whole Time Directors shall be in accordance with provisions of the Companies Act, 2013 and the Rules made thereunder.

Key Managerial Personnel (KMP), Senior Management Personnel (SMP) & Other Employees/ Associates

The remuneration of the KMP (excluding KMP who are Whole Time Directors), SMP and other Associates is fixed from time to time as per the guiding principles outlined above and considering the experience/merit, cost of living, relative performance of the employees & the Company and industry standards.

The total remuneration comprises of fixed salary, variable pay, perquisites and retirement benefits such as Provident Fund, Gratuity, Superannuation, etc. The perquisites and retirement benefits are paid according to the Company Policy.

The annual increments, effective from 1st April each year, of all Associates are decided by the President & CEO, on the recommendation of the Executive/Whole Time Directors.

The annual remunerations of KMP (excluding KMP who are Whole Time Directors) and SMP are subject to approval of the Committee and the Board.

Further, all Associates of the Company (including KMP and SMP), other than the Whole Time Directors, are eligible to avail loan/advance for purchase of 'Honda' brand products from the Company as per the Company Policy.

IV. APPROVAL & REVIEW

This Policy, as recommended by the Committee, is approved by the Board at its meeting held on 26th March, 2016.

The Policy shall be subject to review by the Committee as per the need of the Company and/or upon change in applicable legal requirements.

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