

Hikal Ltd.

Remuneration Policy

PREAMBLE

This policy shall be called the Nomination and Remuneration Policy (“Policy”) of Hikal Limited (“the Company”) and is framed as per the statutory requirements prescribed under the Companies Act, 2013 (the Act”) read with the Rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”), as amended from time to time.

The composition of the Nomination and Remuneration Committee (NRC) of the Company is in compliance with Section 178 of the Companies Act, 2013, read along with the applicable rules thereto and the Listing Regulations.

This Policy applies to the Company’s Directors, Senior Management, including its Key Managerial Personnel (KMP) and other employees.

The Board of Directors/ Nomination and Remuneration Committee (NRC) will have the powers to make deviations from this Policy in extraordinary circumstances as and when felt necessary in the interest of the Company and on reasonable grounds within the regulatory/ legal framework.

All the words and expressions used in this Policy, unless defined hereafter, shall have the meaning respectively assigned to them under the Act and the Listing Regulations or the Rules, Notifications and Circulars made/ issued thereunder, as amended, from time to time.

OBJECTIVES

The objective of this Policy is to attract, motivate, and retain the best talent in the industry, create a congenial work environment and offer appropriate remuneration packages and retirement benefits and include:

1. Laying down criteria for and identification of persons who are qualified to become Directors and who may be appointed in senior management of the Company.
2. Specification of the manner for effective evaluation of performance of Board, its committees and individual Directors, to be carried out either by the Board, by the NRC or by an independent external agency and review the implementation and compliance of the process of evaluation of performance.
3. To lay down criteria for appointment, removal of Directors, Key Managerial Personnel and Senior Management and determination of their remuneration structure keeping in view integrity, qualifications, expertise and experience of the person.
4. To ensure Board diversity, development of a succession plan for the Board and regularly review of the plan.
5. To formulate the criteria for determining qualifications, positive attributes, and independence of a Director.

THE NOMINATION AND REMUNERATION COMMITTEE

The Company has a Nomination and Remuneration Committee in place as per the composition specified under the Listing Regulations.

The charter or the terms of reference of the NRC shall be as prescribed under the Act and the Listing Regulations and may be amended by the Board from time to time, without deviating from the statutory requirements.

NRC may consider delegating any of its powers to one or more of its members or the Secretary of the Committee. The Company Secretary of the Company shall act as Secretary of the Committee.

DIRECTORS

As per the policy followed by the Company since inception, the Non-Executive Directors shall be paid remuneration in the form of sitting fees for attending Board and Committee meetings as approved by the Board of Directors from time to time, subject to statutory provisions. The non-executive Directors may also be paid commission of the profits of the Company, subject to the approval of the Board of Directors and the members of the Company. The terms of appointment and tenure, will be subject to the provisions of the Act and the Listing Regulations, in force, at that time.

Remuneration of Executive Directors, including Managing Director, reflects the overall remuneration philosophy and guiding principle of the Company. When considering the appointment and remuneration of Executive Directors, the NRC shall consider pay and employment conditions in the industry, merit and seniority of the person and the paying capacity of the Company.

The NRC, while designing the remuneration package, shall consider the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully.

The term of office and remuneration of Executive Directors shall be subject to the approval of the Board of Directors, shareholders and the limits laid down under the Act and the Listing Regulations from time to time. No severance fees shall be paid to any Directors, unless otherwise specified in their terms of appointment.

EVALUATION OF PERFORMANCE

The evaluation of performance of the Board, its Committees and individual Directors shall be carried out either by the Board or an independent external agency. The NRC shall specify the manner for effective evaluation of performance of Board and review its implementation and compliance.

The Independent Directors shall, in a separate meeting carry out, the evaluation of performance of Non-Independent Directors, the Board as a whole and the Chairman of the Company after taking into account the views of Executive Directors and Non-Executive Directors. The evaluation of performance of Independent Directors shall be carried out by the entire Board, excluding the Director being evaluated.

The evaluation shall be carried out broadly based on the following criterion:

1. Director's background, knowledge and skills are relevant to the Board and business of the Company.

2. Attendance of Directors in the meetings and whether the Director devotes sufficient time for Board matters and actively participates in the matters that are being discussed at the meetings.
3. Whether the Director is available for any discussions/inputs outside of Board/Committee meetings.
4. Whether the Director helps in bringing an independent judgment to bear on the deliberations especially on strategy, risk management and performance of the Company.
5. Whether the Director works towards safeguarding the interest of all stakeholders in the Company.
6. Whether the Director brings quality and value in Board discussions.
7. Whether the Director is cordial towards his fellow Directors and is reasonable and objective in his views without obstructing the flow of the board process.

BOARD DIVERSITY AND SUCCESSION PLANNING

As prescribed under the Act and the Listing Regulations, the Board shall have an optimum combination of executive, non-executive, independent directors and woman Directors.

The Company believes that a truly diverse Board is essential to the achievement of its strategic and commercial objectives. A diverse Board will bring in a comprehensive skill-set from various fields like finance, leadership, information technology, corporate restructuring, sales & marketing, environment health social & governance matters and will bring an edge to the growth of the Company.

The NRC shall assist the Board in reviewing the composition of the Board and assessing and identifying the necessary skill set, experience and expertise required on the Board and shall make recommendation to the Board towards identification and appointment of candidates possessing the desirable competencies.

The NRC shall periodically review to assess the possible vacancies on the Board, well in advance to ensure continuity in the smooth functioning of the Board process. In case of foreseen vacancies the NRC shall assist the Board in identifying suitable candidates, well in advance, to maintain the equilibrium on the Board with regard to competencies, experience and expertise. In case of any unforeseen vacancies the NRC shall assist the Board to identify a suitable candidate to fill such vacancies as soon as possible and at all times within the statutory timeframe prescribed for the same.

For the purpose of identifying suitable candidates, the Committee may:

- a. use the services of an external agencies, if required;
- b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
- c. consider the time commitments of the candidates.

REMUNERATION

The Company's Remuneration Policy is guided by principles and objectives as more fully and particularly envisaged under the Act and the Listing Regulations, *inter alia*, principles pertaining to determining qualifications, positive attributes, integrity, and independence. Remuneration packages for Executive Directors are designed subject to the limits laid down under the Companies Act, 2013 and the Listing Regulations, to remunerate them fairly and responsibly. The Executive Directors' remuneration comprises salary, perquisites and performance-based commission on profits of the Company/reward apart from retirement benefits such as PF, Superannuation, and Gratuity, among others, as per the Company Rules.

Remuneration also aims to motivate personnel to deliver Company's key business strategies, create a strong performance-oriented environment and reward achievement of meaningful targets over the short and long term. While designing remuneration packages, industry practices and cost of living are also taken into consideration.

The Executive Directors are entitled to customary non-monetary benefits such as company cars, furnished accommodation, healthcare benefits, leave travel, and communication facilities, among others. The severance payments are governed by the prevalent provisions of the Act.

REMOVAL

Due to reasons for any disqualification mentioned in the Act or the Listing Regulations or under any other applicable Act, rules and regulations thereunder, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Act, rules and regulations.

RETIREMENT

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the Listing Regulations and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

Appointment of KMP & senior management and cessation of their service are subject to the approval of the NRC and the Board of Directors. Remuneration of KMP and other Senior Management Personnel is decided by the Chairman and Managing Director, broadly based on the Remuneration Policy in respect of Executive Directors, the total remuneration comprises:

- 1. A fixed base salary:** Set at a level aimed at attracting and retaining executives with professional and personal competence, showing good performance towards achieving Company goals.
- 2. Perquisites:** In the form of house rent allowance/accommodation, business/professional development allowance, reimbursement of medical expenses, conveyance, telephone, and leave travel, among others.
- 3. Retirement benefits:** Contribution to PF, other retirement benefits, and gratuity, among others as per Company Rules.
- 4. Motivation/Reward:** A performance appraisal is carried out annually and promotions/ increments/ rewards/ variable pay are decided by Chairman and/or Managing Director based on the appraisal and recommendation as applicable.
- 5. Severance payments:** In accordance with terms of employment, and applicable statutory requirements, if any.

OTHER EMPLOYEES

The remuneration of other employees is fixed from time to time as per the guiding principles outlined above and considering industry standards and cost of living. In addition to basic salary, they are also provided perquisites and retirement benefits as per schemes of the Company and statutory requirements, where applicable. Policy of motivation/ reward/ severance payments are applicable to this category of personnel as in the case of those in the management cadre.

DISCLOSURE OF INFORMATION

Information on the total remuneration of members of the Company's Board of Directors, Executive Directors and KMP/Senior Management Personnel may be disclosed in the Company's Annual Report and other returns and publications as per statutory requirements.

DISSEMINATION

This Policy will be published on the Company's website.