



## **REMUNERATION POLICY OF HINDUSTAN COMPOSITES LIMITED**

### **1. PREAMBLE**

This Remuneration Policy of the Hindustan Composites Ltd. ('Company') is formulated to determine the criteria for appointment of and remuneration payable to the Directors, Key Managerial Personnel ('KMPs') and the Senior Management Personnel ('SMPs') and other employees of the Company.

Further, this Remuneration Policy also governs the criteria's for determining qualifications, positive attributes, independence of a director and other matters as provided under sub-section (3) of Section 178 of the Companies Act, 2013 ('Act') read with Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

### **2. DEFINITIONS**

For the purpose of this policy, all terms shall have same meaning as defined under Act.

### **3. PURPOSE**

This Policy is framed to attain following objectives:

- a. To Formulate the criteria for determining qualifications, positive attributes and appointment of a director (executive / non-executive / independent) of the Company; and
- b. To recommend to the Board a policy relating to the remuneration of the Directors, KMPs, SMPs and other employees of the Company.

This includes reviewing and approving corporate goals and objectives relevant to the compensation of the directors, KMPs, SMPs and other employees, evaluating the performance of executive and non-executive directors, KMPs, SMPs and other employees in light of those goals and objectives.

### **4. PRINCIPLES OF REMUNERATION**

The objective of the Remuneration Policy is to enable the Company to attract, motivate, and retain qualified industry professionals for the Board of Management and other executive levels in order to achieve the Company's strategic goals. The Remuneration Policy acknowledges the

internal and external context as well as the business needs and long term strategy. The Policy is designed to encourage behavior that is focused on long-term value creation, while adopting the highest standards of good corporate governance. The Policy is built on the following principles:

- i. **Vision And Strategy-** The remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, supports and reinforces the achievement of the Company's vision and strategy.
- ii. **Transparent** –The Remuneration Policy and its execution are clear and practical.
- iii. **Aligned within the Company's objectives** – The Remuneration Policy is aligned with the Company's short term and long term objectives, compatible with those of management and other employees.
- iv. **Long-term orientated** – The incentives focus on long-term value creation.
- v. **Compliant** – The Company adopts the highest standards of good corporate governance.
- vi. **Simple** – The Remuneration Policy and its execution are as simple as possible and easily understandable to all stakeholders.
- vii. **Internal equity-** The Company shall remunerate the Board members, KMPs, SMPs and other employees in terms of their roles within the organisation. Positions shall be formally evaluated to determine their relative weight in relation to other positions within the Company.
- viii. **External equity-** The Company strives to pay an equitable remuneration, capable of attracting and retaining high quality personnel. Therefore, the Company will remain logically mindful of the ongoing need to attract and retain high quality people, and the influence of external remuneration pressures. Reference to external market norms will be made using appropriate market sources, including relevant and comparative survey data, as determined to have meaning to the Company's remuneration practices at that time.
- ix. **Flexibility-** Remuneration and reward offerings shall be sufficiently flexible to meet both the needs of individuals and those of the Company whilst complying with relevant tax and other legislation.
- x. **Performance-driven Remuneration-** the Company shall entrench a culture of performance driven remuneration through the implementation of the Performance Incentive System.

- xi. **Affordability and Sustainability-** The Company shall ensure that remuneration is affordable on a sustainable basis.

## 5. NOMINATION AND REMUNERATION COMMITTEE

- a. **Composition-** The Members of the Nomination and Remuneration Committee shall be appointed by the Board and shall comprise of three or more non-executive directors out of which at least two-third shall be independent directors.
- b. **Responsibility & Duties-** The responsibility and duties of Nomination and Remuneration Committee shall be as follows:
  - i. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the Directors, KMPs, SMPs and other employees.
  - ii. For appointment of an independent director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. 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.
  - iii. Formulate criteria for evaluation of performance of the Board, its Committees and individual directors .
  - iv. Devising a policy on Board diversity.
  - v. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
  - vi. Recommend to the Board whether to extend or continue the term of appointment of the independent directors on the basis of the report of performance evaluation of the Independent Directors.
  - vii. Recommend to the Board, all remuneration, in whatever form, payable to directors, KMPs, SMPs and other employees of the Company.

**c. Formulating the policy to ensure that:**

1. 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.
2. relationship of remuneration to performance is clear and meets appropriate performance benchmark; and
3. remuneration to directors, KMP, SMP and other employees involves a balance between fixed and incentive pay reflecting short term and long term performance objectives appropriate to the working of the Company and its goals.

**6. SELECTION AND APPOINTMENT OF THE BOARD MEMBERS**

The Committee shall identify suitable candidates in the event of any vacancy being created on the Board on account of retirement, resignation or demise of any existing Board member. Based on the recommendations of the Committee, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member.

The Board then will make an invitation (verbal / written) to the new member to join the Board as a Director. On acceptance of the same, the new Director will be appointed by the Board.

While specifying evaluation manner of Board Members, the Nominations & Remuneration Committee will have regard to normally accepted nomination criteria, including:

- (a) honesty and integrity;
- (b) the ability to exercise sound business judgment;
- (c) appropriate experience and professional qualifications;
- (d) absence of conflicts of interest or other legal impediments to serving on the Board;
- (e) willingness to devote the required time; and
- (f) availability to attend Board and Committee meetings.

**7. PROCESS FOR EVALUATION**

The Nomination & Remuneration Committee of the Board shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board or by the Committee or by an independent external agency and review its implementation and compliance as the statutory requirements from time to time.

**8. DISSEMINATION OF THE POLICY**

The Policy shall be disseminated on the Company's website. Salient features of the Policy, any change therein, the web address, where the Policy is published and evaluation criteria shall be

given in the Annual Report of the Company in compliance with the provisions of the Act and Listing Regulations.

## **9. AMENDMENT**

Any change in the Policy shall be approved by the Board of Directors of the Company.

This amended policy is approved and adopted by the Board of Directors in its meeting held on 9<sup>th</sup> February, 2022 with immediate effect.