REMUNERATION POLICY FOR THE BOARD OF DIRECTORS

OBJECTIVE

The object of this Remuneration Policy is to make HLE Glascoat Limited a desirable workplace for competent employees and thereby secure the Company's competitiveness, future development and acceptable profitability.

The Remuneration Policy for the Board Members reflects the interests of the shareholders and the company, taking into consideration any specific matters, including the level in comparable companies, the assignments and the responsibility undertaken, Board Members' required competencies, effort and the scope of the board work, including the number of meetings the remuneration of other employees of the Company and thereby aim to secure coordinated and fair Remuneration Policy for the Company.

This Policy shall be framed and implemented by Nomination & Remuneration Committee, subject to approval by the Board.

The policy is built on the following principles:

- Transparent – the policy and its execution are clear and practical
- Alignment – the remuneration policy is aligned with the policy for other employees of the Companies
- Long-term – the incentives focus on long-term value creation
- Compliant –the standards of good corporate governance has been adopted
- Simple – the policy and its execution are as simple as possible and easily understandable to all stakeholders

The Committee takes cognizance of market norms and practices, as well as the additional responsibilities placed on Board members by new legislation and corporate governance principles.

This Policy delineating the structure of Remuneration package including the basic salary, allowances, bonus and perquisites to the Directors and the Board shall be in accordance with the applicable provisions of the Companies Act, 2013 and the Listing Agreement with the BSE Ltd as amended from time to time.

GUIDELINES FOR REMUNERATION TO THE DIRECTORS:

In line with Section 197 of the Companies Act, 2013, the total managerial remuneration payable by HLE Glascoat Limited to its directors, including managing director and whole-time director, in respect of any financial year shall not exceed eleven per cent. of the net profits of that company for that financial year computed in the manner laid down in section 198 except that the remuneration of the directors shall not be deducted from the gross profits

However, the company in general meeting may, with the approval of the Central Government, authorise the payment of remuneration exceeding eleven per cent. of the net profits of the company, subject to the provisions of Schedule V to the Act.

Further, if in any financial year, a company has no profits or its profits are inadequate, the company shall not pay to its directors, including any managing or whole-time director or manager, by way of remuneration any sum exclusive of any fees payable to directors under sub-section (*5*) hereunder except in accordance with the provisions of Schedule V and if it is not able to comply with such provisions, with the previous approval of the Central Government.

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The net profits for the purposes of this section shall be computed in the manner referred to in section 198 of the Act

REMUNERATION TO THE EXECUTIVE DIRECTORS:

The Executive Management of the Company includes the Executive Directors- Managing & Whole-time Directors who are employed under executive service contracts as set by the Board of Directors.

The Nomination & Compensation Committee submits proposals concerning the remuneration of the Senior Management Executives and ensures that the remuneration is in line with the conditions in comparable companies. The proposals are submitted for approval in a Board meeting.

1. **Remuneration to Managing Director/ Whole-time Directors:**

   In line with the provisions of sections 196 to 200 and Schedule V, a managing director, whole-time director or manager shall be appointed and the terms and conditions of such appointment and remuneration payable be approved by the Board of Directors at a meeting which shall be subject to approval by a resolution at the next general meeting of the company and by the Central Government in case such appointment is at variance to the conditions specified in that Schedule

   Executive directors are subject to the company's standard terms and conditions of employment. A written employment contract shall be prepared between the Company and the Managing Director/ Whole-time Directors, containing details of his main duties and responsibilities. The amount of basic salary and other remuneration shall take into account his education, working experience and previous employment. Other details of his
   remuneration, such as bonus, allowances and perquisites, terms of notice and all payments due to the Managing Director/ Whole-time Directors upon termination of the contract, etc., shall be mentioned in the employment contract.

   The basic salary of the Managing Director/ Whole-time Directors may be revised annually considering their performance, the development of salaries for similar positions in comparable and the general performance and operations of the Company. The Nomination & Remuneration Committee recommends any revision in remuneration to the Board.

   The remuneration payable to any one Managing Director; or Whole-time director or manager shall not exceed five per cent. of the net profits of the company and if there is more than one such director remuneration shall not exceed ten per cent. of the net profits to all such directors and manager taken together;

   The Executive Directors may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the company or partly by one way and partly by the other.

2. **Bonuses and Incentives**

   The Executive Directors may be paid cash bonuses or incentives directly related to the working performance of the individual employees, their status and responsibility, the economical performance of the Company, the achievements of certain operational goals, including reaching certain budget targets. Such bonuses or incentives can only be offered to employees who are still working for the Company at the time when the bonuses are due for payment. Bonus payments are always subject to the applicable laws of land.

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Where any insurance is taken by a company on behalf of its Executive Directors for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. However, if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

3. **Personal benefits**

Executive Directors have access to a number of work-related benefits, including company car, free telephony, broadband at home, and work-related newspapers and magazines. The extent of individual benefits is negotiated with each individual member of the Executive Management.

REMUNERATION TO THE NON-EXECUTIVE DIRECTORS

The company's policy on remuneration for non-executive directors is that, as a general guideline, shall:

- be performance-related and market-related (having regard to number of meetings attended by non-executive directors of companies of similar size and structure to the company and operating in similar sectors); and
- not linked to Company's share price or the company's performance.

All fees /compensation, if any paid to Non-Executive Directors, including Independent Directors, shall be fixed by the Board of Directors within the limits stipulated by law

The company pays for all travel and accommodation expenses incurred by directors on official visits for company purpose.

No severance fees is paid to the Non-Executive Directors on consequent to retirement or resignation or any other circumstances.

1. **Remuneration to Non-Executive Directors other than Independent Directors:**

The remuneration payable to directors who are neither managing directors nor whole-time directors shall not exceed: —

(*A*) one per cent. of the net profits of the company, if there is a managing or whole-time director or manager;

(*B*) three per cent. of the net profits in any other case.

The percentages aforesaid shall be exclusive of sitting fees payable to directors.

2. **Remuneration to the Independent Directors**:

The Companies Act, 2013 expressly disallows independent directors from obtaining stock options and remuneration other than sitting fees and reimbursement of travel expenses for attending the board and other meetings.

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However, the Company may pay to them any Profit-related Commission, subject to the approval of the shareholders. The reason behind it to prevent personal financial nexus with the company and to safeguard their independence.

APPROVAL OF THE REMUNERATION

The remuneration payable to the directors of a company, including any managing or whole-time director or manager, shall be determined, in accordance with and subject to the provisions of this section, either by the articles of the company, or by a resolution or, if the articles so require, by a special resolution, passed by the company in general meeting and the remuneration payable to a director determined aforesaid shall be inclusive of the remuneration payable to him for the services rendered by him in any other capacity as stipulated in the Companies Act, 2013.

The remuneration payable to the Senior Management Executives shall be approved by the Board of Directors, on recommendation of the Nomination & Remuneration Committee.

COMPENSATION FOR LOSS OF OFFICE

In line with the Companies Act, 2013, a company may make payment to a managing or whole-time director or manager, but not to any other director, by way of compensation for loss of office, or as consideration for loss of office of for retirement from office or in connection with such loss or retirement.

No Senior Management Executive shall be paid by the company either by way of compensation for loss of office, or as consideration for loss of office of for retirement from office or in connection with such loss or retirement.

RECOVERY OF REMUNERATION IN CERTAIN CASES

Without prejudice to any liability incurred under the provisions of the Companies Act, 2013 or any other law for the time being in force, where a company is required to re-state its financial in certain cases, statements due to fraud or non-compliance with any requirement under this Act and the rules made there under, the company shall recover from any past or present managing director or whole-time director or manager or Chief Executive Officer (by whatever name called) who, during the period for which the financial statements are required to be re-stated, received the remuneration (including stock option) in excess of what would have been payable to him as per restatement of financial statements.

DISCLOSURES

A notice convening Board or general meeting for considering the appointment of the Directors & Key Managerial Persons shall include the terms and conditions of such appointment, remuneration payable and such other matters including interest, of a director or directors in such appointments, if any.

The company shall disclose in the Board's report:

1. the ratio of the remuneration of each director to the median employee's remuneration and such other details as may be prescribed.
2. All pecuniary relationship or transactions of the non-executive directors vis-à-vis the company shall be disclosed in the Annual Report.

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3. In addition to the disclosures required under the Companies Act, 2013, the following disclosures on the remuneration of directors shall be made in the section on the corporate governance of the Annual Report:
   - **a.** All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc.
   - **b.** Details of fixed component and performance linked incentives, along with the performance criteria.
   - **c.** Service contracts, notice period, severance fees.
   - **d.** Stock option details, if any - and whether issued at a discount as well as the period over which accrued and over which exercisable.
4. The company shall publish its criteria of making payments to non-executive directors in its annual report. Alternatively, this may be put up on the company's website and reference drawn thereto in the annual report.
5. The company shall disclose the number of shares and convertible instruments held by non-executive directors in the annual report.
6. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report

NOTES

The terms- Directors has same meaning as that defined in the Companies Act, 2013 & other applicable provisions.

AMENDMENT

The Nomination & Remuneration Committee reserves its right to amend or modify this Policy in whole or in part, subject to approval by the Board, at any time consequent upon any amendment to applicable laws of land.

This Policy is approved on 24.07.2017 by the Competent Authority.