

# **HINDUSTHAN MERCANTILE LIMITED**

CIN: L67190WB1944PLC011627

## **REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL**

This remuneration policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 ("Act") and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In case of any inconsistency between the provisions of law and this remuneration policy, the provisions of the law shall prevail and the Company shall abide by the applicable law.

While formulating this policy, the Nomination and Remuneration Committee ("NRC") has considered the factors laid down under Section 178(4) of the Act, which are as under:

"(a) 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;

(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) 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"

### **Remuneration for independent directors and non-independent non- executive directors**

- Independent directors ("ID") and non-independent non-executive directors ("NED") may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) within regulatory limits.
- Within the parameters prescribed by law, the payment of sitting fees will be recommended by the NRC and approved by the Board. Quantum of sitting fees may be subject to review on a periodic basis, as required.
- Overall remuneration should be reasonable and sufficient to attract, retain and motivate directors aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives).
- Overall remuneration should be reflective of size of the Company, complexity of the sector/industry/Company's operations and the Company's capacity to pay the remuneration.
- In addition to the sitting fees and commission (if any), the Company may pay to any director such fair and reasonable expenditure, as may have been incurred by the director while performing his/her role as a director of the Company. This could include reasonable expenditure incurred by the director for attending Board / Board committee meetings, general meetings, court convened meetings, meetings with shareholders / creditors / management, site visits, induction and training (organized by the Company for directors) and in obtaining professional advice from independent advisors in the furtherance of his/her duties as a director.

## **Remuneration for managing director (“MD”)/executive directors (“ED”)/KMP**

The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be

- Market competitive
- Driven by the role played by the individual,
- Reflective of size of the Company, complexity of the sector/industry/Company’s operations and the Company’s capacity to pay,
- Aligned to regulatory requirements.

In terms of remuneration mix or composition,

- The remuneration mix for the MD/EDs is as per the contract approved by the shareholders. In case of any change requiring the approval of the shareholders as per the Companies Act, 2013 the same should be complied.

- Basic/ fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience.

- In addition to the basic/ fixed salary, the Company provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimization, where possible.

- The Company provides retirement benefits as applicable.

## **Remuneration payable to Director for services rendered in other capacity**

The remuneration payable to the Directors shall be inclusive of any remuneration payable for services rendered by such director in any other capacity, unless:

- a) The services rendered are of a professional nature; and
- b) The NRC is of the opinion that the director possesses requisite qualification for the practice of the profession.