

## **Remuneration Policy <sup>(1)</sup>**

The philosophy for remuneration of Directors, Key Managerial Personnel ('KMP') and Senior Managers <sup>(2)</sup> of Hariyana Ship-Breakers Limited ('the Company') is based on the commitment of fostering a culture of leadership with trust. The remuneration policy is aligned to this philosophy.

This remuneration policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 ('Act') and Listing Regulations, 2015. 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 ('NARC') 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.

Key principles governing this remuneration policy are as follows:

### **Remuneration of the Independent Directors and Non-executive Directors**

- The Independent Directors and Non-executive Directors are eligible for sitting fees for attending the meetings of the Board and the Committees thereof.
- The Independent Directors and Non-executive Directors are also eligible for commission, subject to the limits prescribed under the Act and the Rules framed there under.
- The Independent Directors are not eligible for stock options.
- The Non-executive Directors (other than promoter Directors) shall be eligible for stock options.

### **Remuneration of the Managing Director & Executive Directors**

- The remuneration of the Managing Director, Executive Directors is recommended by the Nomination & Remuneration Committee ('NARC') to the Board. Based on the recommendations of the NARC, the Board determines and approves the remuneration of the Managing Director, Executive Directors, subject to necessary approvals, if any.

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(1) Amended vide a resolution of the Board of Directors of the Company passed at its meeting held on March 29, 2018.

(2) "Senior Managers" means members of the Company's core management team as determined from time to time by the Committee, excluding Board of Directors, and comprising at least all members of management one level below the Executive Directors, including the functional heads.

- The remuneration paid to the Managing Director, Executive Directors shall be within the limits prescribed under the Act and approved by the shareholders of the Company. The remuneration structure includes fixed salary, perquisites, bonus, other benefits and allowances and contribution to Funds, etc.
- The Executive Directors (other than the promoter Directors) shall be eligible for stock options.

**Remuneration of the KMP (other than Executive Directors) and Senior Managers <sup>(2)</sup>**

- The key components of remuneration package of the KMP (other than Executive Directors) and Senior Managers shall comprise of fixed salary, perquisites, annual bonus, other benefits and allowances and contribution to Funds, etc.
- They shall be eligible for stock options.

**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:

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

**Policy implementation and Review**

- The NARC is responsible for recommending the remuneration policy to the Board and may issue such guidelines, lay down the process etc. as it may deem fit. The Board is responsible for approving and overseeing implementation of the remuneration policy.
- The Policy may be reviewed and amended as may be necessary.

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