



HIKAL[®]

Hikal Ltd.

Remuneration Policy

Preamble

The objective of the Remuneration Policy of Hikal Ltd. (the “Company”) is to attract, motivate, retain the best talent in the industry, create congenial work environment and offer appropriate remuneration packages and retirement benefits. The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement.

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

The Company had already constituted the “Remuneration Committee” consisting of three (3) Non-Executive Directors of which majority are Independent Directors. In line with the amended provisions of listing agreement and requirement of the Companies Act, 2013 the name of the committee was changed to Nomination and Remuneration Committee (“NRC”) in May 2014.

The Board of Directors / NRC will have the powers to make deviations from this remuneration policy in extra ordinary circumstances as when felt necessary in the interest of the Company and on reasonable grounds within the regulatory / legal framework.

Objectives

1. To advise the Board in relation to appointment, removal of Directors, Key Managerial Personnel and Senior Management and their remuneration structure keeping in view integrity, qualifications, expertise and experience of the person. NRC will have discretion / authority to make decision on these aspects and recommend to Board of Directors.

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2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
3. To devise a policy on Board diversity, develop a succession plan for the Board and to regularly review the plan;
4. To decide the criteria for determining qualifications, positive attributes and independence of a director.

While designing remuneration packages, industry practices and cost of living are also taken into consideration.

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 are paid remuneration in the form of sitting fees for attending Board and Committee meetings as fixed by the Board of Directors from time to time subject to statutory provisions. The terms of appointment, tenure will be subject to the provision of the Companies Act, in force, at that time.

Remuneration of Whole Time Directors including Managing Director reflects the overall remuneration philosophy and guiding principle of the Company. When considering the appointment and remuneration of Whole Time Directors, the Nomination & Remuneration Committee (NRC) considers 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 considers 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 Whole Time Directors are subject to the approval of the Board of Directors, shareholders and the limits laid down under the Companies Act from time to time.

Remuneration

The Company's Remuneration Policy is guided by principles and objectives as more fully and particularly envisaged under section 178 of the Companies Act 2013, inter alia

principles pertaining to determining qualifications, positive attributes, integrity and independence etc.

Remuneration packages for Whole Time Directors are designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly. The Whole Time Directors' remuneration comprises of salary, perquisites and performance based commission on profits of the company / reward apart from retirement benefits like P.F., Superannuation, Gratuity, etc as per Rules of the Company.

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.

The Whole Time Directors are entitled to customary non-monetary benefits such as company cars, furnished accommodation, health care benefits, leave travel, communication facilities, etc. The severance payments are governed by the prevalent provisions of Companies Act.

Removal

Due to reasons for any disqualification mentioned in the Act 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 said Act, rules and regulations.

Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act 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 & Managing Director (CMD) and the President & Joint Managing Director, broadly based on the Remuneration Policy in respect of

Whole Time Directors. Total remuneration comprises of:

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, leave travel, etc.
3. **Retirement benefits** - contribution to PF, other retirement benefits, gratuity, etc as per Company Rules.
4. **Motivation /Reward** - A performance appraisal is carried out annually and promotions/ increments/ rewards/variable pay are decided by CMD and / or President & Joint 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, Whole Time Directors and KMP/ senior management personnel may be disclosed in the Company's annual financial statements as per statutory requirements.

Dissemination

The Company's Remuneration Policy shall be published on its website.