

**REMUNERATION POLICY**

**OF**

**HEXA TRADEX LIMITED**

## **1. Objective**

This Policy reflects the Company's objectives for good corporate governance as well as sustained and long-term value creation for stakeholders. This Policy will also help the Company to attain optimal Board diversity and create a basis for succession planning. In addition, it is intended to ensure that –

- a) the Company is able to attract, develop and retain high-performing and motivated Executives in a competitive international market;
- b) the Executives are offered a competitive and market aligned remuneration package, with fixed salaries being a significant remuneration component, as permissible under the Applicable Law;
- c) remuneration of the Executives are aligned with the Company's business strategies, values, key priorities and goals.

## **2. Scope**

- a) This Policy applies to all the "Executives" of the Company.
- b) In addition, this Policy also extends to the remuneration of non-executive Directors, including principles of selection of the independent Directors of the Company.
- c) The Board of Directors has adopted the remuneration Policy at the recommendation of the Nomination & Remuneration Committee. This Policy shall be valid for all employment agreements entered into after the approval of the Policy and for changes made to existing employment agreements thereafter.
- d) In order to comply with local regulations, some entities and units within the Group may have remuneration policies and guidelines which shall apply in addition to this remuneration policy.

The Board of Directors of the Company may deviate from this Policy if there are explicit reasons to do so in individual case(s). Any deviations on elements of this remuneration policy under extraordinary circumstances, when deemed necessary in the interests of the Company, shall be reasoned and recorded in the Board's minutes and shall be disclosed in the Annual Report or, in case of an appointment, in good time prior to the appointment of the individual.

## **3. Effective Date**

This Policy shall become effective from the date of its adoption by the Board.

#### 4. Interpretation Clauses

For the purposes of this Policy references to the following shall be construed as:-

- “Applicable Law”** : shall mean the Companies Act, 2013 and allied rules made thereunder, the listing agreement and includes any other statute, law, standards, regulations or other governmental instruction as may be applicable to the Company from time to time.
- “Company”** : refer to Hexa Tradex Limited.
- “Directors”** : refer to the Chairperson, Managing Director and other Director and all whole-time Directors.
- “Executives”** : refer to Managing Director and Whole Time Director, key managerial personnel and senior management
- “Key Managerial Personnel** : refer to the Managing Director, Manager, Chief Executive Officer, Chief Financial Officer, Company Secretary and any such other officer as may be prescribed under Applicable Law.
- “Policy” or “this Policy”** : shall mean the contents herein including any amendments made by the Board of Directors of the Company.
- “Senior Management”** : means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive Directors, including the functional heads.

All terms not defined herein shall take their meaning from the Applicable Law.

#### **Guiding Principles for Remuneration and Other Terms of Employment**

The guiding principle is that the remuneration and the other terms of employment for the Executives shall be competitive in order to ensure that the Company may attract and retain competent Executives. In determining the remuneration policy, the Committee ensures that

a competitive remuneration package for all Executives is maintained and is also benchmarked with other companies operating in national markets.

### **Responsibilities and Powers of the Committee**

The Committee, in addition to the functions and powers as endued by its terms of reference, would also be responsible for –

- a) preparing the Board' decision on issues concerning principles for remuneration for non executive Directors and other terms of employment of Executives (including pension and severance pay)
- b) reviewing and recommending to the Board regarding share incentive programs, if any, to be decided upon by the General Meeting.
- c) formulating criteria of qualifications and positive attributes to assist the Company in identifying the eligible individuals for the office of Executives;
- d) monitoring and evaluating programs for variable remuneration, both ongoing and those that have ended during the year, for Executives and Directors;
- e) monitoring and evaluating the application of this Policy;
- f) monitoring and evaluating current remuneration structures and levels in the Company.

### **Principles for Selection of Independent Directors**

The nomination of the independent Directors of the Company shall be in accordance with the principles as stated hereunder and other relevant provisions of Applicable Law :

- (a) is a person of integrity and possesses relevant expertise and experience;
- (b) is or was not a promoter of the Company or its holding, subsidiary or associate company and not related to promoters or Directors in the Company, its holding, subsidiary or associate company ;
- (c) has or had no pecuniary relationship with the Company, its holding, subsidiary or associate company, or their promoters, or Directors, during the two immediately preceding financial years or during the current financial year ;
- (d) none of whose relatives has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate company, or their promoters, or Directors, amounting to two per cent, or more of its gross turnover or total income of fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- (e) neither himself nor any of his relatives –
  - i. holds or has held the position of a key managerial personnel or its or has been employee of the Company or its holding, subsidiary or associate company in any

of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

- ii. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of (a) a firm of auditors or company secretaries in practice or cost auditors of the Company or its holdings, subsidiary or associate company ; or (b) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm ;
  - iii. holds together with his relatives two per cent or more of the total voting power of the Company; or
  - iv. is a chief executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the Company, any of its promoters, Directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the Company;
- (f) shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.

### **Overall Criteria for Selection of Executives**

The assessment for Senior Management will be done on the basis of below parameters by the concerned interview panel of the Company-

a) Competencies :

- Necessary skills (leadership skill, communication skills, managerial skills)
- Experience & education to successfully complete the tasks
- Positive background reference check.

b) Capabilities :

- Suitable or fit for the task or role.
- Potential for growth and the ability and willingness to take on more responsibility.
- Intelligent & fast learner, Good Leader, Organiser & Administrator, Good Analytical skills Creative & Innovative.

c) Compatibility :

- Can this person get along with colleagues, existing and potential clients and partners.
- Strong Interpersonal Skills.
- Flexible & Adaptable

d) Commitment :

- Candidate's seriousness about working for the long term
- Vision & Aim

e) Character :

- Ethical, honest, team player

### **General Policies for Remuneration**

The various remuneration components would be combined to ensure an appropriate and balanced remuneration package.

The five remuneration components are –

- Fixed, based remuneration (including fixed supplements)
- Short-term incentives, i.e., performance-based pay (variable)
- Long-term incentives
- Pension schemes, where applicable
- Other benefits in kind
- Severance payment, where applicable

The **fixed remuneration** would be determined on the basis of the role and position of the individual, including professional experience, responsibility, job complexity and local market conditions.

The **short-term incentives** motivates and rewards high performers who significantly contribute to sustainable results, perform according to set expectations for the individual in question, and generates stakeholder value within the Company.

The **long-term incentives** in the form of stock options, is intended to promote a balance between short-term achievements and long-term thinking.

A. Any remuneration payable to the Executives of the Company shall abide by the following norms-

- i. The base salary shall be competitive and based on the individual Executive's key responsibilities and performance ;
- ii. Base salaries would be based on a function-related salary system and be in line with the market developments shown by the benchmark research and additional market studies. When first appointed, an Executive's base salary will usually be below the maximum function-related salary. Normally (and subject to the decision of the Committee), the base salary would reach the maximum function-related salary level over a maximum 3 year period from appointment. The annual review date for the base salary would be April 1 each year; Adjustment of individual salaries by the Committee is influenced by the (annual) adjustment, if any, of the function related salary levels and the progress to the (maximum) function-related salary level if this level has not yet been reached;
- iii. The Executives may receive performance-based, variable pay in addition to fixed salaries. The short-term incentives would be granted to reflect the Company's financial results, the performance, of the business unit where the Executive is employed and also, the individual's performance. The performance will be related to the fulfilment of various improvement targets or the attainment of certain financial objectives. Such targets will be set by the Board of Directors and may related to inter alia operating income, operating margin or cash flow. Further, both financial and non-financial factors shall be taken into consideration when determining the individual's bonus. A discretionary assessment would always be ensured that other factors-including factors which are not directly measurable- have been considered;
- iv. Such short-term incentives to the Executives, including revisions, if any, would be decided by the Head of Human Resources of the Company in consultation with the Managing Director of the Company, as and when necessary, subject to Applicable law and the on-target annual incentive percentage. The annual incentive pay-out in any year would relate to the achievements of the preceding financial year versus agreed targets;
- v. The Board may, under specific circumstances, decide to reclaim the variable salary already paid or to cancel or limit or revise such variable salary to be paid to the Executives;
- vi. The Executives will be entitled to customary non-monetary benefits such as Company cars, phone and such other fixed entitled benefits;
- vii. Pension contributions shall be make in accordance with applicable laws and employment agreements;
- viii. The Executives resident outside India or resident in India but having a material connection to or having been resident in a country other than India, may be offered personal benefits that are competitive in the country where the Executives are or have been resident or to which the Executives have a material connection, preferably defined-contribution plans;
- ix. A Director may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board, as permissible under Applicable law;
- x. If any Director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, under the Applicable Law, such remuneration shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive the recovery of any sum refundable to it;

- xi. A Director who is in receipt of any commission from the Company and who is a managing or whole-time director of the Company shall not be disqualified from receiving any remuneration or commission from any holding or subsidiary company of the Company, subject to its disclosure by the Company in the Board's report.
- B. Any fee/remuneration payable to the non-executive Directors of the Company shall abide by the following norms-
  - i. If any such Director draws or receives, directly or indirectly, by way of fee/remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, under the Applicable law such remuneration shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive the recovery of any sum refundable to it;
  - ii. Such Director(s) may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board. As permissible under Applicable law;
  - iii. An independent Director shall not be entitled to any stock option and may receive remuneration only by way of fees and reimbursement of expenses for participation in meetings of the Board or committee thereof and profit related commission, as may be permissible under the Applicable Law.

#### **Notice of Termination and Severance Pay Policy**

- A. For Executives resident in India, the termination period from the Company will be of two months. In addition thereto, the Executive, provided that termination has been made by the Company, will be entitled to a maximum severance pay of two months' salary inclusive of the value of variable remuneration and other fixed entitled benefits. Executives resident outside India or resident in India but having a material connection to or having been resident in a country other than India may be offered notice periods for termination and severance payment that are competitive in the country where the Executives are or have been resident or to which the Executives have a material connection, preferably solutions comparable to the solutions applied to Executives resident in India.

#### **Performance Evaluation**

The Performance Evaluation shall contain the details of Board's self-evaluation framework (including all Committees of the Board and individual directors). The Board is committed to assessing its own performance as a Board in order to identify its strengths and areas in which it may improve its functioning.

To that end, the Committee shall establish the following processes for evaluation of performance of Independent Director, Non- Executive Director and the Board:

1. Once a year, the Board will conduct a self-evaluation. It is the responsibility of the Chairman of the Board, supported by the Company Secretary of the Company, to organise the evaluation process and act on its outcome;
2. The Committee shall formulate evaluation criteria for the Board and the Non-Executive and Independent Directors



3. which shall be broadly based on:

a) Evaluation Criteria for Non-Executive and Independent Directors Contribution and effectiveness in:

- Corporate governance.
- Leadership through vision and values.
- Strategic thinking and decision making.
- Commercial and business acumen.
- Teamwork.
- Contribution to resolution of divergent views.
- Proactive participation.
- Time commitment.

b) Evaluation Criteria for the Board as a whole:

- **Board Role:** Adequacy of processes which monitor business performance, Board member interaction with management, adequacy of Board knowledge, adequacy of business strategy, Board being informed, evaluation process for executives and Directors.

- **Board Membership:** Appropriateness of balance and mix of skills, size of Board, contribution of individual Board members, adequacy of performance feedback to Board members, adequacy of procedures dealing with inadequate performance by a Board member.

- **Practice and Procedure:** Board's effectiveness in use of time, whether Board allowed sufficient opportunity to adequately assess management performance, Board's ability to keep abreast of developments in the wider environment which may affect DDT, adequacy of meeting frequency and duration.

4. The Board / Independent Directors shall be asked to complete the evaluation forms and submit the same to the Chairman.

#### **Disclosure and Dissemination**

- i. The Policy shall be disclosed in the Board's report to shareholders of the Company at the annual general meeting.
- ii. The annual report of the Company would specify the details of remuneration paid to Directors.

The Company is required to publish its criteria of making payments to non-executive Directors in its annual report. Alternatively, this may also be put up on the Company's website and reference be drawn in the annual report.

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