



HIGHNESSTM

One of a kind

REMUNERATION POLICY FOR DIRECTORS, KMP & EMPLOYEES

HIGHNESS MICROELECTRONICS LTD.

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1. INTRODUCTION

Highness Microelectronics Limited ('Company'), a public limited listed company in India, is committed to attracting, retaining and motivating talented individuals to achieve the Company's strategic objectives. It is further dedicated to establishing a fair and transparent remuneration framework for its Directors, Key Managerial Personnel (KMP), and other employees. Therefore, this remuneration policy for Directors, Key Managerial Personnel (KMP), and other employees ('Remuneration Policy') is formulated to establish a framework for their remuneration in line with the Company's strategic goals and regulatory requirements.

2. DEFINITIONS

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Act and Listing Regulations as may be amended from time to time shall have the same meaning respectively assigned to them therein.

- 2.1 'Act' shall mean the Companies Act, 2013 as amended from time to time.
- 2.2 'Applicable Laws' shall mean and include the Act, the Listing Regulations and other laws as may be applicable to the Company from time to time.
- 2.3 'Board' shall mean the Board of Directors of the Company as appointed from time to time.
- 2.4 'Company' shall mean Highness Microelectronics Limited.
- 2.5 'Director' shall mean director of the Company.
- 2.6 'Independent Director' means a director referred to in Section 149(6) of rules thereunder, and Listing Regulations.
- 2.7 'KMP' shall mean the key managerial personnel which includes people identified by the Company under provisions of the Act including:
- i) the Managing Director or Chief Executive Officer or manager
 - ii) Whole-time Director
 - iii) the Company Secretary;
 - iv) the Chief Financial Officer;
 - v) the Chief Executive Officer; and
 - vi) any other person as defined under the Act from time to time
- 2.8 "Listing Regulations" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.
- 2.9 "NRC" shall mean the Nomination and Remuneration Committee of the Company appointed by the Board.

3. REMUNERATION PHILOSOPHY

Company's remuneration philosophy is to provide market-competitive remuneration opportunities that attract, retain and motivate skilled employees based on their performance. The Company's

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Remuneration Policy ensures that remuneration is linked to individual and company performance, fostering a culture of accountability and excellence.

4. COMPLIANCE WITH LEGAL REQUIREMENTS

- 4.1 This Remuneration Policy has been prepared in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 read with Part D of Schedule II of the ('Listing Regulations'). In case of any inconsistency between the provisions of the law and this remuneration policy, the provisions of the law shall prevail, to the extent of the inconsistency.
- 4.2 While formulating this policy, the Nomination and Remuneration Committee ("NRC") has considered the following factors laid down under Section 178(4) of the Companies Act, 2013 which are as under:
- 4.2.1. 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;
- 4.2.2 relationship of remuneration to performance is clear and meets appropriate performance benchmarks, and
- 4.2.3 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.

5. POLICY SCOPE AND IMPLEMENTATION

- 5.1 This Remuneration Policy applies to all Directors, KMP, and other employees of Highness Microelectronics Limited
- 5.2 The NRC shall be responsible for developing and recommending this Remuneration Policy to the Board for its approval and implementation.

6. POLICY GUIDELINES

- 6.1 Remuneration to Whole-time Directors:
- 6.1.1. The remuneration payable to each Director including Managing Director and Whole-time Directors shall be in accordance with the remuneration structure as determined by the Board, and revised from time to time, depending on individual contribution, the Company's performance, and the provisions of Applicable Laws.
- 6.1.2. The NRC shall recommend the remuneration, including the commission that may be based on the net profits of the company for the Directors, to the Board for approval.
- 6.2 Remuneration to Non-Executive/independent Directors:
- 6.2.1 The Non-Executive/independent Directors may receive sitting fees for attending meetings of the Board and its committees.
- 6.2.2. The amount of such sitting fees shall be recommended by the NRC and approved by the Board, within the limits prescribed under the Act.

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6.2.3. The non-executive/independent Directors may also be paid commission on an annual basis within the limits prescribed under the Act.

6.2.4 The Remuneration / profit linked Commission may be paid within the monetary limit approved by shareholders, subject to the limit as specified in the SEBI (Listing Obligations and Disclosure Requirements), 2015 and Companies Act, 2013.

6.3 Remuneration to KMP, Senior Management Personnel and other employees:

6.3.1. The remuneration to KMP, Senior Management Personnel and other employees shall be based on the Company's size, their experience, qualifications, and performance.

6.3.2. The components of the remuneration package shall be competitive in order to attract and retain talented and qualified individuals suitable for their roles.

6.3.3. The remuneration of Managerial Personnel, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. The perquisites, allowances, benefits, facilities and amenities such as mobile allowance, official travel assistance and any other perquisites as per the policy of the Company and approved by the Board on the recommendation of the Committee and approved by the shareholders, wherever required. It may include fixed pay, variable pay, perquisites, and retirement benefits as per the company's HR policy.

6.3.4. Stock or equity-based incentives that may be given to KMP, Senior Management Personnel and other employees shall be governed by the Company's Employee Stock Option Scheme (as may be amended from time to time).

6.3.5. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Companies Act, 2013.

6.3.6. If any Managerial Personnel draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013, the approval of the shareholders of the Company, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.

7. POLICY REVIEW

The NRC is responsible for implementing this Remuneration Policy and recommending any revisions to the Board for approval. The policy shall be reviewed by the NRC as and when deemed necessary to ensure its continued effectiveness and alignment with the Company's Strategic objectives and legal requirements.

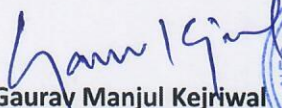
8. DISCLOSURES

This Remuneration Policy shall be disclosed in the Board's report in accordance with the requirements of the Act and the Listing Regulations.

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For and on behalf of
Highness Microelectronics Limited


Gaurav Manjul Kejriwal
Managing Director

