REMUNERATION POLICY OF DIRECTORS, KMPs AND OTHER EMPLOYEES

The philosophy for remuneration of Directors, KMPs and all other employees of **Coastal Corporation Limited** ("Company") is based on commitment demonstrated by the Directors, KMPs and other employees towards the Company and truly 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 Regulation 19(4) 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, KMPs 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 for Independent Directors and Non-Independent Non-Executive Directors

Overall remuneration should be reflective of the size of the Company, complexity of the sector/industry/Company's operations and the Company's capacity to pay the remuneration.

Independent Directors ("IDs") and Non-Independent Non-Executive Directors ("NEDs") may be paid sitting fees (for attending the meetings of the Board and of Committees of which they may be members) and commission within regulatory limits. Quantum of sitting fees may be subject to review on a periodic basis, as required.

Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the NRC and approved by the Board.

Overall remuneration (sitting fees and commission) 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 practices should be consistent with recognised best practices.

The aggregate commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on the Company's performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board.

The NRC will recommend to the Board the quantum of commission for each Director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and Committee meetings, individual contributions at the meetings and contributions made by Directors other than in meetings.

In addition to the sitting fees and commission, the Company may pay to any Director such fair and reasonable expenditure as may have been incurred by the Director for attending the meetings of Board/Board Committee meetings, General Meetings, Court-convened meetings, meetings with shareholders, creditors and 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 (EDs)/KMPs/Other Employees

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 (market for every role is defined as companies from which the Company attracts talent or companies to which the Company loses talent);
- Based on the role played by the individual in managing the Company, including responding to the challenges faced by the Company;
- Reflective of the size of the Company, complexity of the sector/industry/Company's operations and the Company's capacity to pay;
- Consistent with recognized best practices; and
- Aligned to applicable regulatory requirements.

Remuneration Mix

- The remuneration mix for the MD/EDs shall be as per the terms approved by the shareholders. Any change thereto shall require the approval of the shareholders.
- Basic/fixed salary shall be provided to all employees to ensure a steady income in line with their skills and experience.
- In addition to the basic/fixed salary, the Company may provide employees with certain perquisites, allowances and benefits to enable a reasonable standard of living and to provide opportunities for savings and tax optimisation, wherever possible.
- In addition to the basic/fixed salary, benefits, perquisites and allowances as provided above, the Company may provide MDs/EDs such remuneration by way of bonus, performance-linked incentive and/or commission calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board, subject to the overall ceilings stipulated under Section 197 of the Companies Act, 2013. The specific amount payable shall be based on performance as evaluated by the Board or the NRC and approved by the Board.
- The Company may provide the rest of the employees with performance-linked bonus, performance-linked incentive and/or long-term incentive, as applicable. Such incentives shall be based on the outcome of the performance appraisal process and the performance of the Company.

Remuneration Payable to Directors for Services Rendered in Other Capacity

The remuneration payable to 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 the requisite qualification for the practice of the profession.

Policy Implementation

The NRC shall be responsible for recommending this remuneration policy to the Board. The Board shall be responsible for approving and overseeing the implementation of this Policy.

Review of the Policy

This Policy shall be reviewed and reassessed by the NRC as and when required, and appropriate recommendations shall be made to the Board to update the Policy based on regulatory amendments or any other changes considered necessary.

Compliance Responsibility

Compliance with this Policy shall be the responsibility of the Nomination & Remuneration Committee of Coastal Corporation Limited, who shall have the authority to seek any information or clarification from the management for ensuring effective implementation of this Policy.