



HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED

(An enterprise of THE HINDUSTHAN GROUP)

Regd. Office : Mody Building 27, Sir R.N. Mukherjee Road, Kolkata-700 001, India ■ Tel. : +91 33-2248 0166-68 ■ Fax : +91 33-2248 1922, 8957
CIN : U93000WB1998PLC086303 ■ E-mail : ho@heilindia.com ■ Website : www.heilindia.com

Nomination & Remuneration Policy

1. Preamble

- 1.1 Sub-section (3) of Section 178 of the Companies Act, 2013 states that the Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- 1.2 Section 178 of the Companies Act, 2013 has been made effective from April 1, 2014 by the Central Government vide notification no. S.O. 902(E) issued on March 26, 2014. Therefore this Remuneration Policy (“the Policy”) is being framed and formulated in adherence with the provisions of the Act and Rules made thereunder, as amended from time to time.
- 1.3 The Policy provides a framework for remuneration to the members of the Board of Directors (“Board”), Key Managerial Personnel (“KMP”) and the Senior Management Personnel (“SMP”) of the Company (collectively referred to as “**Executives**”).

The expression “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.

- 1.4 The existing Remuneration Committee of the Board of Directors is being re-named as Nomination and Remuneration Committee (“the Committee”) so as to adhere to with the provisions of Section 178(1) of the Act. Members of the Committee shall be appointed by the Board and shall comprise of three or more non-executive directors out of which not less than one-half shall be independent directors.
- 1.5 The Policy will be reviewed every year by the Nomination and Remuneration Committee.

2. Aims & Objectives

- 2.1 The aims and objectives of the Policy may be summarized as follows:
 - 2.1.1 The Policy shall set criteria for determining qualifications, positive attributes and independence of a director, remuneration of the Executives.
 - 2.1.2 The Policy aims to enable the company to attract, retain and motivate highly qualified members for the Board and other executive level to run the Company successfully.
 - 2.1.3 The Policy seeks to enable the company to provide a well-balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations.



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2.1.4 The Policy will ensure that the interests of Board members & senior executives are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the company and will be consistent with the "pay-for-performance" principle.

3. Principles of remuneration

- 3.1 Support for Strategic Objectives: Remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, supports and reinforces the achievement of the Company's vision and strategy.
- 3.2 Transparency: The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.
- 3.3 Internal equity: The Company shall remunerate the Executives in terms of their roles within the organisation. Positions shall be formally evaluated to determine their relative weight in relation to other positions within the Company.
- 3.4 External equity: The Company strives to pay an equitable remuneration, capable of attracting and retaining high quality personnel. Therefore the Company will remain logically mindful of the ongoing need to attract and retain high quality people, and the influence of external remuneration pressures. Reference to external market norms will be made using appropriate market sources, including relevant and comparative survey data, as determined to have meaning to the Company's remuneration practices at that time.
- 3.5 Flexibility: Remuneration and reward offerings shall be sufficiently flexible to meet both the needs of individuals and those of the Company whilst complying with relevant tax and other relevant laws.
- 3.6 Affordability and Sustainability: The Company shall ensure that remuneration is affordable on a sustainable basis.

4. Nomination and Remuneration Committee

- 4.1 The Committee shall be responsible for:
 - 4.1.1 Formulating framework and/or policy for remuneration, terms of employment and any changes, including service contracts, remuneration, policy for and scope of pension arrangements, etc for directors, key managerial personnel and other Executives and reviewing it on a periodic basis;



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- 4.1.2 Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board the aforesaid policy, relating to the remuneration for the directors, key managerial personnel and other Executives.
 - 4.1.3 Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down in this policy, recommend to the Board their appointment and removal and carry out evaluation of every director's performance.
 - 4.1.4 Formulating terms for cessation of employment and ensure that any payments made are fair to the individual and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 4.2 The Committee shall:
- 4.2.1 review the ongoing appropriateness and relevance of the Policy;
 - 4.2.2 ensure that all provisions regarding disclosure of remuneration, including pensions, leave encashment, gratuity, etc. are fulfilled;
 - 4.2.3 obtain reliable, up-to-date information about remuneration in other companies;
 - 4.2.4 ensure that no director or executive is involved in any decisions as to their own remuneration.
- 4.3 Without prejudice to the generality of the terms of reference as set out above, the Committee shall review the terms of Executives service contracts from time to time.

5 Procedure for selection and appointment of the Board Members

- 5.1 Board membership criteria:
- 5.1.1 The Committee, along with the Board, shall review on an annual basis, appropriate skills, characteristics and experience required of a Board Member, KMP and SMP for the better management of the Company. The objective is to have a Board with diverse background and experience in business, government, academics, technology and in areas that are relevant for the Company's global operations.
 - 5.1.2 In evaluating the suitability of individual Board members, the Committee shall take into account many factors, including general understanding of the Company's business dynamics, global business and social perspective, educational and professional background and personal achievements. Directors must possess experience at policy-making and operational levels in



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large organizations that will indicate their ability to make meaningful contributions to the Board's discussion and decision-making in the array of complex issues facing the Company.

5.1.3 Director should possess the highest personal and professional ethics, integrity and values. They should be able to balance the legitimate interest and concerns of all the Company's stakeholders in arriving at decisions, rather than advancing the interests of a particular constituency.

5.1.4 In addition, Directors must be willing to devote sufficient time and energy in carrying out their duties and responsibilities effectively. They must have the aptitude to critically evaluate management's working as part of a team in an environment of collegiality and trust.

5.1.5 The Committee shall evaluate each individual with the objective of having a group that best enables the success of the Company's business.

5.2 Selection of Board Members/ extending invitation to a potential director to join the Board:

5.2.1 One of the roles of the Committee is to periodically identify competency gaps in the Board, evaluate potential candidates as per the criteria laid above, ascertain their availability and make suitable recommendations to the Board. The objective is to ensure that the Company's Board is appropriate at all points of time to be able to take decisions commensurate with the size and scale of operations of the Company. The Committee also identifies suitable candidates in the event of a vacancy being created on the Board on account of retirement, resignation or demise of an existing Board member. Based on the recommendations of the Committee, the Board evaluates the candidate(s) and decides on the selection of the appropriate member.

5.2.2 The Board then shall make an invitation (verbal / written) to the new member to join the Board as a Director. On acceptance of the same, the new Director may be appointed by the Board.

6 Procedure for selection and nomination of KMPs and SMPs.

6.1 The Committee shall actively liaise with the relevant departments of the Company to study the requirement for management personnel, and produce a written document thereon;

6.2 The Committee may conduct a wide-ranging search for candidates for the positions of KMP and SMP within the Company, within enterprises controlled by the Company or within enterprises in which the Company holds equity, and on the human resources market;

6.3 The professional, academic qualifications, professional titles, detailed work experience and all concurrently held positions of the initial candidates shall be compiled as a written document;



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- 6.4 A meeting of the Committee shall be convened, and the qualifications, experience, skills and other capability of the initial candidates shall be examined .After such examination recommendation for appointment of KMP and SMP together with the relevant information about the appropriate candidate(s) shall be submitted to the Board of Directors;
- 6.5 The Committee shall carry out other follow-up tasks based on the decisions of and feedback from the Board of Directors.

7 Compensation Structure

7.1 Remuneration to Non-Executive Directors:

The Non-executive Directors of the company are paid remuneration by way of sitting fees for attending the meetings of the Board of Directors and its Committees. The sitting fees paid to the Non-executive Directors for attending meetings of Board of Directors is Rs. 10,000/- per meeting and Committees of Board of Directors is Rs. 5,000/- per meeting and commission.

The sitting fees of the Non-executive Directors for attending meetings of Board of Directors and the Committees thereof may be modified from time to time only with the approval of the Board in due compliance of the provisions of Companies Act, 2013 and amended from time to time.

7.2 Remuneration to Executive Directors, Key Managerial Personnel(s) (KMPs) & Senior Management Personnel (s) (SMPs):

The Company has a credible and transparent framework in determining and accounting for the remuneration of the Managing Director / Whole Time Directors (MD/WTDs), Key Managerial Personnel(s) (KMPs) and Senior Management Personnel(s) (SMPs). Their remuneration shall be governed by the external competitive environment, track record, potential, individual performance and performance of the company as well as industry standards. As a policy, the Executive Directors are neither paid sitting fee nor any commission.

8 Role of Independent Directors

- 8.1 The Independent Directors shall have power and authority to determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management.
- 8.2 The Independent Directors shall submit its recommendations/ proposals/ decisions to the Committee which the Committee shall consult and place before to the Board of Directors.



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9 Approval

- 9.1 This Policy as framed by the Committee shall be recommended to the Board of Directors for its approval.

10 Supplementary provisions

- 10.1 This Policy shall formally be implemented from the date on which they are adopted pursuant to a resolution of the Board of Directors.
- 10.2 Any matters not provided for in this Policy shall be handled in accordance with relevant laws and regulations and the Company's Articles of Association. If this Policy is in conflict with any laws or regulations subsequently promulgated by the State, Union or with the Company's Articles of Association as amended pursuant to lawful procedure, the relevant laws and regulations and the Company's Articles of Association shall prevail, and this Policy shall be amended in a timely manner and submitted to the Board of Directors for their review and adoption.
- 10.3 The right to interpret this Policy vests in the Board of Directors of the Company.