

Hy-Tech Engineers Limited

Nomination and Remuneration Policy

(As per the Companies Act, 2013)

The Board of Directors of **Hy-Tech Engineers Limited** (“**the Company**”) had constituted the “Nomination and Remuneration Committee” which is in compliance with the requirements of provisions of Section 178 of the Companies Act, 2013 and Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014. The Board has authority to reconstitute this Committee from time to time.

The Nomination and Remuneration Policy (“**the Policy**”) is intended to set out criteria to pay equitable remuneration to the Directors, Key Managerial Personnel (KMP), senior management (as defined below) and other employees of the Company and to harmonise the aspirations of human resources with the goals of the Company.

The Policy was approved and adopted by the Board as on **8th September, 2022**.

1. OBJECTIVE:

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. Subject to applicable law, the Committee shall act in accordance with their terms of reference and as per the articles of association. The Key Objectives of the Committee would be:

- ❖ To identify persons who are qualified to become Directors and who may be appointed in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director’s performance;
- ❖ To formulate the criteria for determining qualifications, competencies, positive attributes, skills, and independence for appointment of a director (Executive/ Non-Executive/ Independent). Other than in respect of Senior Managers (as defined in the articles of association), in respect of whom the provisions of the said articles of association shall apply, to recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees;

This includes reviewing and approving corporate goals and objectives relevant to the compensation of the executive Directors, evaluating their performance in light of those goals and objectives and either as a committee or together with the other independent Directors (as directed by the Board), determine and approve executive Directors’ compensation based on this evaluation, making recommendations to the Board with respect to KMP and Senior Management, compensation and recommending incentive-compensation and equity-based plans that are subject to approval of the Board.

- ❖ To ensure that level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;
- ❖ Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- ❖ Remuneration to Directors and Key Managerial Personnel (other than Senior Managers, the remuneration of whom shall be determined in accordance with the articles of association) 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;
- ❖ Devising a policy on Board diversity.

2. DEFINITIONS:

2.1. **‘Act’** means the Companies Act, 2013 or Companies Act, 1956 as may be applicable and Rules framed thereunder, as amended from time to time.

2.2. **‘Board’** means Board of Directors of the Company.

2.3. **‘Committee’** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act.

2.4. **‘Company’** means Hy-Tech Engineers Limited.

2.5. **‘Directors’** means Directors of the Company.

2.6. **‘Independent Director’** means a Director referred to in Section 149(6) of the Companies Act, 2013 and rules.

2.7. **‘Key Managerial Personnel (KMP)’** means

- CEO or the Managing Director or the Manager;
- Whole-time director;
- Company Secretary;
- Chief Financial Officer; and
- Such other officer as may be prescribed by the Act, and not included within the ambit of the term “Senior Manager” as under the Articles of Association.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

3. ROLE OF COMMITTEE:

3.1. Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee

The Committee shall:

- formulating and recommending to the Board for its approval and also to review from time to time, a nomination and remuneration policy or processes, as may be required pursuant to the provisions of the Companies Act;
- evaluating the balance of skills, knowledge and experience on the Board for deciding the proposed appointment of an Independent Director and on the basis of such evaluations, preparing a description of the role and capabilities required from the Independent Director proposed to be appointed on the Board.
- formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to, the remuneration of the Directors, key managerial personnel and other employees;
- identifying persons who are qualified to become directors and persons who may be appointed in senior management position in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- formulating the criteria for evaluation of performance of independent directors and the Board;
- recommending to the Board, qualifications, appointment, remuneration and removal of Directors, key management personnel and persons in senior management positions in accordance with the nomination and remuneration policy;
- devising a policy on diversity of the Board and considering candidates for appointment on the Board, having due regard to diversity;
- carrying out performance evaluation of every Director in accordance with the nomination and remuneration policy;
- considering grant of stock options to eligible Directors, formulating detailed terms and conditions of employee stock option schemes and administering and exercising superintendence over employee stock option schemes;
- engaging the services of any consultant/ professional or other agency for the purpose of recommending compensation structure/ policy;
- determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors; and

- performing such other activities as may be delegated by the Board or specified or provided under the Companies Act, 2013 and the rules and regulations made thereunder or other applicable law, including any amendments thereto as may be made from time to time.

3.2. Role of independent directors:

- a. In the meeting of independent directors of the company (without the attendance of non-independent directors and management), such directors shall:
 - i. review the performance of non-independent directors and the Board as a whole.
 - ii. review the performance of the Chairman of the company, taking into account the views of executive directors and non-executive directors.
 - iii. assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.
- b. The independent directors shall bring an objective view in the evaluation of the performance of board and management.

3.3. Policy for appointment and removal of Director and KMP

3.3.1. Appointment criteria and qualifications

The NRC, while recommending the appointment of Directors may consider the desirable qualifications, which may amongst other things include professional qualifications, skills sets, industry experience, background, value addition to the Company, positive attributes and the criteria of independence as prescribed under the Companies Act, 2013. The Policy on remuneration to Directors shall consider the requirements as specified in the Companies Act, 2013.

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director or KMP and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the retirement age fixed by the Board or as approved by the Shareholders pursuant to the requirement of the Act.

3.3.2. Term / Tenure

a) Chairman/Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

3.2.3. Evaluation

The Committee shall carry out evaluation of performance of the Board/Committee and Individuals at regular interval (yearly).

Performance Evaluation

Board:

The Board shall carry out the annual evaluation process of its own performance as envisaged in the Companies Act, 2013 and the Individual Directors (excluding the Director being evaluated). The criteria to evaluate encompasses three broad factors namely:

i) contribution ii) counseling and iii) controlling.

The Board performance evaluation shall: -

- review the role and performance of the Board and the Individual Directors;
- assess the Board effectiveness – both the Board as a whole and Individual Director’s contribution to general discussions, business proposals and governance practices;
- evaluate the quality and quantity of the discussions at Board meetings, the adequacy of the reports and information they receive, the level of interpersonal cohesion amongst the Board members;
- evaluate its effectiveness in use of time, opportunity to adequately assess the management performance, keeping abreast of developments in the business and regulatory environment, frequency and duration of the meetings.
- factor the suggestions received from Directors for change/improvisation.
- assess the duties are discharged in accordance with provisions of the Act.

Chairman:

The performance of the Chairman be evaluated, amongst other things, on the basis of leadership qualities, ability to steer the meetings, impartiality, ability to keep shareholder’s interest in mind, strategic thinking, decision making, business acumen, contribution to resolution of divergent views, time commitment, interaction with management, relationships and communications with the stakeholders.

Different criteria may be assigned to different weights depending on the organisation’s requirements, circumstances, outcome of previous assessments, stage of Board’s maturity, etc.

Managing Director and Executive Directors/ Whole Time Director and Non – Independent Directors:

The performance of Managing Director/Executive Director/Whole Time Director/Non-Independent Directors shall be first reviewed by Independent Directors and recommendation be made to the Nomination and Remuneration Committee.

Some of the parameters for evaluation that can be considered are:

- to assess the overall contribution to the performance of the Company in terms of the tasks handled.
- leadership qualities
- conduct of Meetings, in the absence of the Chairman, if the need arises
- contribution to strategic plans
- decision making abilities, relationship with stakeholders.

Committees of the Board:

This Policy is to ensure that the Committees, to whom the Board has delegated responsibilities, are performing efficiently and effectively in accordance with the terms of reference set out in their charter. This encompasses the necessity of establishing any Committee and reviewing the Charter of the Committee from time to time.

The evaluation of the performance of the Committees shall be done on annual basis.

The evaluation shall be done on the basis of mandate and composition, effectiveness of the Committee, Structure of committee and meetings, Independence of the Committee from the Board, their contributions to the decision of the Board, etc.

Non-Executive Directors:

The performance of Non-Executive Director be evaluated, amongst other things, on the basis of strategic thinking, knowledge and competency, initiative, integrity, business acumen, teamwork, contribution to resolution of divergent views, proactive participation, and time commitment. The performance of the Individual Director's will also be assessed on handling the conflict of interest/situation, if any.

Independent Directors

The performance evaluation of Non-Executive Independent Directors (“NEID”) shall be done by the entire Board of Directors, excluding the director being evaluated.

Independent directors have key roles to perform namely in the areas of governance, guiding in strategy formulation, ensuring statutory compliances and such other key matters which could be of importance to the Company.

Some of the performance indicators on which the Independent Directors may be evaluated are:

- contributing and monitoring of Corporate Governance practices.
- attendance at Board, Committee Meetings of the Company, etc.
- active participation in strategic planning.
- commitment to the fulfillment of duties and fiduciary responsibilities as enshrined in various statutes and charter of Committees.
- not allowing any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making.
- refraining from any action that would lead to loss of his independence.

- maintain confidentiality of information provided, unless such disclosure is expressly required by law.

3.2.4. 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 or KMP subject to the provisions and compliance of the said Act, rules and regulations.

3.2.5. Retirement

The Director and KMP shall retire as per the applicable provisions of the Act or the prevailing policy of the Company. The Board will have the discretion to retain the Director or KMP in the same position/ remuneration or otherwise even after attaining the retirement age, as per the Policy of the Company and for the benefit of the Company.

3.4. Policy relating to the Remuneration for the Whole-time Director and KMP

3.4.1. General:

- a) The remuneration / compensation / commission etc. to the Chairman/ Managing Director/Whole-time Directors will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b) The remuneration and commission to be paid to the Chairman/Managing Director/Whole-time Directors shall be in accordance with the percentage / limits / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.
- c) Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Chairman/Managing Director/Whole-time Directors.
- d) Where any insurance is taken by the Company on behalf of its Chairman/Managing Director/ Whole-time Directors, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

3.4.2. Remuneration to Chairman /Managing Director /Whole-time Director and KMP:

a) Fixed pay:

The Chairman/ Managing Director/Whole-time Director and Key Managerial Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee or policy of the Company. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders of the Company.

b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Chairman/Managing Director/Whole-time Directors in accordance with the provisions of Schedule V of the Act.

c) Provisions for excess remuneration:

If any Chairman/Managing Director/Whole-time Directors draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without approval required under this Section, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless approved by the Company by special resolution within two years from the date the sum becomes refundable.

3.4.3. Remuneration to Non- Executive / Independent Director:

a) Remuneration / Commission:

The remuneration / commission shall be fixed as per the limits and conditions mentioned in the Articles of Association of the Company and the Act.

b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Non- Executive / Independent Director in accordance with the amended provisions of Schedule V of the Act.

c) Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

d) Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

POLICY ON NOMINATION AND REMUNERATION COMMITTEE

4. MEMBERSHIP

4.1 The Committee shall consist of a minimum 3 non-executive directors, half of them being independent.

4.2 Minimum two (2) members shall constitute a quorum for the Committee meeting.

4.3 Membership of the Committee shall be disclosed in the Annual Report.

5. CHAIRMAN

5.1 Chairman of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.

5.2 In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.

5.3 Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

6. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required.

7. COMMITTEE MEMBERS' INTERESTS

7.1 A member of the Committee is not entitled to be present/participate in discussion when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

7.2 The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

8. VOTING

Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

9. NOMINATION DUTIES

The duties of the Committee in relation to nomination matters include:

9.1 Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;

9.2 Determining the appropriate size, diversity and composition of the Board;

9.3 Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;

9.4 Developing a succession plan for the Board and regularly reviewing the plan;

9.5 Evaluating the performance of the Board members in the context of the Company's performance from business and compliance perspective;

9.6 Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.

9.7 Delegating any of its powers to one or more of its members of the Committee;

9.8 Recommend any necessary changes to the Board; and

9.9 Considering any other matters, as may be requested by the Board.

10. REMUNERATION DUTIES

The duties of the Committee in relation to remuneration matters include:

10.1 To consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.

10.2 To ensure the remuneration maintains a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Company.

10.3 To delegate any of its powers to one or more of its members or the Secretary of the Committee.

10.4 To consider any other matters as may be requested by the Board.

10.5 Professional indemnity and liability insurance for Directors.

11. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

SUCCESSION PLANNING:

Board

The successors for the Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC amongst the senior management team or through external sources as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It shall ensure replacements for key job incumbents in KMPs and senior management positions in the organization. A process shall be formulated for identifying Hi-pots and critical positions. Successors shall be mapped for these positions in order to ensure talent readiness as per ladder approach.

REVIEW OF POLICY:

The NRC has a right to review and amend this Policy, if required, to ascertain its appropriateness as per the needs of the Company. The Policy may be amended by passing a resolution at a meeting of the Nomination and Remuneration Committee.

DISCLOSURE:

The Company will disclose a statement indicating the manner in which formal Board Performance Evaluation processes have been conducted in its Board's Report and the key features of this Policy would also be included in the annual report of the Company. The Policy will be available in the public domain i.e. on the website of the Company.

SCOPE AND LIMITATION:

In the event of any conflict between the provisions of this Policy and the Act or any other statutory enactments or rules, the provisions of the Act or statutory enactments, rules shall prevail over this Policy and the part(s) so repugnant shall be deemed to severed from the Policy and the rest of the Policy shall remain in force.
