

## HY-TECH ENGINEERS LIMITED

### NOMINATION & REMUNERATION POLICY

#### 1. OBJECTIVE OF THE POLICY

The Nomination and Remuneration Committee (NRC) Policy ("**Policy**") of Hy-tech ENgineers Limited ("**the Company**") 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 ("**LODR Regulations**"). In case of any inconsistency between the provisions of law and this Policy, the provisions of the above stated law shall prevail, and the Company shall abide by the applicable law.

This policy is formulated to govern matters related to nomination, evaluation, rewards and remuneration to Directors, Senior Management personnel and Key Managerial Personnel, efficient administration of the equity-based schemes, leadership development and Board diversity of the Company.

#### 2. DEFINITIONS

(a) In this Policy, unless the context otherwise requires:

(a.i) "**Board of Directors**" or "**Board**", in relation to the Company, means the board of directors of the Company.

(a.ii) "**Committee**" means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in terms of the Act and LODR Regulations.

(a.iii) "**Directors**" mean members of the Board of Directors of the Company as appointed from time to time.

(a.iv) "**Independent Director**" means a director referred to in Section 149(6) of the Act read with LODR Regulations.

(a.v) "**Key Managerial Personnel** / "**KMP**" shall have the meaning

described to it in the Act and the Rules made thereunder.

(a.vi) **“Policy”** means this Nomination and Remuneration Policy, as may be amended from time to time.

(a.vii) **“Senior Management Personnel”** for this purpose shall mean personnel of the Company who are members of its core management team excluding Board of Directors. It would comprise all members of management one level below the executive director(s), including the functional heads.

(b) Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Act and/ or LODR Regulation as may be amended from time to time shall have the meaning respectively assigned to them therein.

### 3. **APPLICABILITY**

This Policy is applicable to:

- (i) Directors;
- (ii) Key Managerial Personnel; and
- (iii) Senior Management Personnel

### 4. **MEMBERSHIP OF THE COMMITTEE**

- (a) The Committee shall consist of such number of Directors as is required under applicable laws.
- (b) Membership of the Committee shall be disclosed in the Annual Report and on the website of the Company.
- (c) Terms of the Committee shall be continuous unless terminated by the Board of Directors.

### 5. **CHAIRPERSON**

- (a) The Chairperson of the Committee shall be an Independent Director.

- (b) The Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Committee but shall not be the Chairman of the Committee.
- (c) The Chairperson of the Nomination and Remuneration Committee meeting may be present at annual general meeting, however he/she may nominate some other member to answer the shareholders' queries.

## **6. FREQUENCY OF MEETINGS**

The meeting of the Committee shall be held at such intervals as may be required subject to minimum one meeting in a financial year or such other times as may be statutorily required.

## **7. COMMITTEE MEMBERS' INTERESTS**

- (a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- (b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

## **8. SECRETARY**

The Company Secretary of the Company shall act as Secretary of the Committee.

## **9. QUORUM**

The quorum necessary for transacting business at a meeting of the Committee shall be two members or one-third of the members of the Committee; whichever is greater.

## **10. VOTING**

- (a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of members present. Any such decision shall for all purposes be deemed a decision of the Committee.

- (b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## **11. RESPONSIBILITY OF THE COMMITTEE**

The Committee is responsible for:

- (a) formulating criteria for determining qualifications, positive attributes and independence of a director for the purpose of this Policy;
- (b) advising the Board on issues concerning principles for remuneration and other terms of employment including remuneration for the Directors (including non-executive directors), KMPs and the Senior Management;
- (c) monitoring and evaluating programs for variable remuneration, both on-going and those that have ended during the year, for the Directors (including Non-Executive Directors), KMPs and the Senior Management;
- (d) monitoring and evaluating the application of this Policy;
- (e) monitoring and evaluating current remuneration structures and levels in the Company; and
- (f) any other responsibility as determined by the Board.

## **12. APPOINTMENT OF DIRECTORS, KMP OR SENIOR MANAGEMENT PERSONNEL**

- (a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as a Director, KMP and/or Senior Management Personnel and recommend to the Board his / her appointment.

For the appointment of Independent Directors, the Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director and thereafter propose appointment of an Independent Director who meets these requirements. For the purpose of identifying suitable candidates, the Committee may:

- (i) use the services of an external agencies, if required;
  - (ii) consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - (iii) consider the time commitments of the candidates.
- (b) The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- (c) Appointment of Directors, KMPs and Senior Management Personnel is subject to compliance of provisions of the Act and LODR Regulations.

### 13. REMUNERATION

#### (a.i) Policy objectives

In discharging its responsibilities, the Committee shall have regard to the following policy objectives:

- i. To ensure the Company's remuneration structures are equitable and aligned with the long-term interests of the Company and its shareholders;
- ii. To attract and retain and motivate competent individuals of the quality required to run the Company successfully;
- iii. To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- iv. To plan short and long-term incentives to retain talent;
- v. To ensure that any severance benefits are justified;
- vi. To ensure that the remuneration of the Directors, KMPs and persons in senior management positions is based and determined on the basis of individual's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any, including that the remuneration to be paid to the Managing Director & Chief Executive Officer ("**MD & CEO**") and/or whole-time Director shall be in accordance with the percentage/ slabs/ conditions laid down in the Articles of Association of the Company and as per the provisions of the Act and the rules made there under.

- vii. To ensure that individual remuneration packages for Directors, KMPs and other persons in senior management positions are determined after taking into account relevant factors, including but not limited to:
- Qualification and experience
  - Level of engagement in the affairs of the Company,
  - Market conditions,
  - Financial and commercial health of the Company,
  - Practice being followed in comparable companies,
  - Prevailing laws and government/other guidelines.
- viii. The remuneration / compensation / commission etc. to be awarded to the whole-time Directors, KMPs and persons in senior management positions will be determined by the Committee and recommended to the Board for approval.
- ix. Increments to the existing remuneration / compensation structure of other employees including the Functional Heads will be jointly decided by the Managing Director and Head-Human Resources.

**(a.ii) Remuneration Structure**

The remuneration structure would normally depend upon the roles and responsibilities as well as the prevailing market practices. In normal circumstances, the remuneration to Directors, KMPs and senior management shall be divided between fixed and variable components and reflect short and long-term performance objectives appropriate to the working of the Company and its goals as required under the provisions of the Act and as envisaged in LODR Regulations.

**i) Base Compensation (Fixed Salary):** This component of salary is competitive and reflective of the individual's role, responsibility and experience in relation to performance of day -to-day activities, usually reviewed on an annual basis. The base Compensation includes salary, allowances and other statutory/non-statutory benefits which are normal part of remuneration package in line with market practices.

**ii) Variable Salary:** A relevant part of remuneration is payable as variable salary linked to corporate and individual performance, fulfilment of specified improvement targets or the attainment of certain financial or other objectives set in this regard.

iii) Any other component/benefits as may be recommended by the management and approved by the Committee.

(b) **Remuneration to Executive Director**

**Fixed pay:**

- Executive Director(s) 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 Act, and the rules made thereunder for the time being in force and the approvals obtained from the shareholders of the Company.
- The break-up 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 on the recommendation of the Committee.

**Variable component:**

- The Executive Director(s) may be paid performance linked commission within the overall limits as approved by the shareholder and Central Government, wherever required.

(c) **Remuneration to Non-Executive Directors including Independent Directors:**

- (c.i) The remuneration to the Non-executive Directors (including Independent Directors) may be paid within the monetary limit approved by shareholders, subject to such limits as may be prescribed under the Act and the LODR Regulations.
- (c.ii) The Non- Executive Directors and Independent Directors of the Company are entitled to receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof in accordance with the provisions of the Act.
- (c.iii) The Independent Directors shall not be entitled to any stock incentive of the Company.

(c.iv) Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied: i) The services are rendered by such director in his capacity as the professional; and ii) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

(d) **Remuneration to KMP and Senior Management Personnel:**

(d.i) KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Committee in accordance with the statutory provisions of the Act, and the rules made thereunder for the time being in force.

(d.ii) The break-up 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 Committee.

(d.iii) Based on the performance, KMP and Senior Management Personnel will be paid incentives.

(e) Where any insurance is taken by the Company on behalf of its managing director, whole-time director, manager, Chief Executive Officer, Chief Financial Officer or Company Secretary 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.

**14. EVALUATION/ ASSESSMENT OF DIRECTORS**

The evaluation/assessment of the Directors shall be conducted on an annual basis by the Committee. The following criteria shall assist the Committee in determining how effective the performances of the Directors have been:

i) Vision and clarity of roles & responsibility:

The Individual Director should have awareness of fiduciary and statutory requirements and a clearly articulated vision. This includes clarity of role as a member of the Board of the Company.

ii) Board Processes:

The quality of board processes such as decision making (i.e. how directors ensure they are well informed to be able to make the decisions in the best interest of the Company and its stakeholders) selection and induction etc.

iii) Engagement with Management:

How well the board engages with the management to ensure it is well supported and able to meet the needs of its members.

iv) Board dynamics:

At the heart are the board dynamics. It is the quality of individual relationships and dialogues that directly influences the quality of decision making and relationships with key stakeholders.

v) Frequency of participation:

The Individual should make him /her available for attending the Board meetings of the Company and be available for providing his/her guidance and support in case of need.

The Committee shall prepare a performance evaluation report in relation to Independent Directors basis the above criteria and decide whether to extend or cease the term of appointment of the Independent Directors and accordingly make recommendations to the Board on the basis of such report.

**15. POLICY ON BOARD DIVERSITY**

- (a) The Board of Directors shall have the optimum combination of Directors from the different areas/ fields like production, management, quality assurance, finance, sales and marketing, research and development, human resources etc. or as may be considered appropriate.
- (b) The Board shall have at least one Board member who has accounting or related financial management expertise.
- (c) The Committee shall strive to have diversity in the composition of the management team of the Company and to ensure that there is no

discrimination against any gender in appointment, remuneration and promotion of management team members.

**16. REMOVAL**

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Director(s), KMP(s) and Senior Management Personnel subject to the provisions and compliance of the applicable Act, rules and LODR Regulations.

**17. RETIREMENT**

The Directors, KMP or any other person in senior management position, shall retire as per the applicable provisions of the Act and this Policy. The Board will have the discretion to retain any Director, KMP or any other person in senior management position, even after attaining the retirement age, for the benefit of the Company, subject to the provisions of the Act, LODR Regulations and other applicable law.

**18. MINUTES OF COMMITTEE MEETING**

Proceedings of all meetings must be recorded as minutes 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.

**19. DISCLOSURE OF INFORMATION**

This Policy shall be posted on the website of the Company and the details of the Policy shall be disclosed in the Annual Report and the Board's report, as required under Act and the LODR Regulations and as may be required under any other law for the time being in force.

**20. DEVIATION FROM THE POLICY**

The Board may, in individual or collective case, deviate from this Policy, in its absolute discretion, if there are reasons to do so. In the event of any departure from the Policy, the Board shall record the reasons for such departure in the Board's minutes.

## 21. AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

***In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.***