



# **H.G. INFRA ENGINEERING LIMITED**

## **NOMINATION AND REMUNERATION POLICY**

## **1. INTRODUCTION**

In terms of Section 178 of the Companies Act, 2013 (hereinafter referred to as the "Act") and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "Listing Regulations"), as amended from time to time, this policy has been formulated by the Nomination and Remuneration Committee of the Company (hereinafter referred to as the "Committee") and approved by the Board of Directors (hereinafter referred to as the "Board").

This policy shall act as guidelines on matters, among others, relating to the appointment, removal and remuneration of the directors, key managerial personnel and senior management personnel.

## **2. OBJECTIVES AND PURPOSE OF THE POLICY**

In line with the requirements of the Listing Regulations and the Act, the objectives and purpose of the policy are as under:

- 2.1 To formulate the criteria for determining qualifications, positive attributes, and independence of a director.
- 2.2 To provide standards for the appointment and removal of directors, key managerial personnel and senior management personnel.
- 2.3 To recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel, senior management personnel and other employees.
- 2.4 To formulate the criteria and specify the manner for evaluation of the performance of the board, board's committees and individual directors.
- 2.5 To devise a policy on diversity of the board of directors.
- 2.6 To develop a succession plan for the Board and Senior Management.

The Nomination and Remuneration Committee is responsible for recommending the remuneration policy to the Board. The Board is responsible for approving and overseeing the implementation of the remuneration policy.

## **3. DEFINITIONS**

In this policy unless the context otherwise requires:

- 3.1 **Act** means the Companies Act, 2013 and rules framed thereunder, as amended from time to time.
- 3.2 **Board** means Board of Directors of H.G. Infra Engineering Limited.
- 3.3 **Committee** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- 3.4 **Company** means H.G. Infra Engineering Limited.
- 3.5 **Director** means a person appointed to the position of a Director on the Board.
- 3.6 **Independent Director** means a director referred to in Section 149(6) of the Companies Act, 2013 read with Regulation 16(1)(b) of the Listing Regulations.
- 3.7 **Key Managerial Personnel (KMP)** means:
  - Chief Executive Officer or the Managing Director or the Manager;
  - Whole-time director;
  - Chief Financial Officer
  - Company Secretary; and
  - Such other persons who may be considered to be Key Managerial Personnel under the Companies Act, 2013 or as may be designated as Key Managerial Personnel by the Board.
- 3.8 **Senior Management Personnel (SMP)** means officers and personnel of the Company who are members of its Core Management Team excluding the Board of Directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) including the functional heads and shall specifically include company secretary and chief financial officer.

In line with the above, the Board has defined following as Senior Management Personnel of the Company:

- a. Head Operations,
- b. Head Technical,
- c. Head –Accounts
- d. Head - Human Resources
- e. Head – New Business Development & Strategy
- f. Head – Mechanical Operations
- g. Chief Financial Officer (CFO) and
- h. Company Secretary (CS).
- i. Chief Information Officer

The Head Operations, Head Technical, Head - Human Resources, Head New Business Development & Strategy, Head - Mechanical Operations, Chief Information Officer, Chief Financial Officer and Head – Accounts, are also designated as functional heads of the Company.

#### **4. CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES AND INDEPENDENCE OF DIRECTORS**

##### **Criteria for determining qualifications and positive attributes:**

The Committee shall consider the following factors for determining qualifications and positive attributes of directors (including independent directors):

- All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
- Directors are to demonstrate integrity, credibility, trustworthiness, the ability to handle conflict constructively, and the willingness to address issues proactively.
- Actively update their knowledge and skills with the latest developments in the industry, market conditions and applicable legal provisions.
- Willingness to devote sufficient time and attention to the Company’s business and discharge their responsibilities.
- To assist in bringing an independent judgment to bear on the Board’s deliberations, especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
- Ability to develop a good working relationship with other Board members and contribute to the Board’s working relationship with the senior management of the Company.
- To act within their authority and assist in protecting the legitimate interests of the Company, its shareholders, and employees.

##### **Criteria for determining Independence:**

The Independent Director shall qualify the criteria of independence mentioned in Section 149(6) of the Companies Act, 2013 and rules related thereto and in Regulations 16(b) and 25 of the Listing Regulations.

#### **5. APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL**

##### **Appointment Criteria and qualifications:**

- The Committee shall identify and ascertain the integrity, qualification, expertise, and experience of the person for appointment as Director and/or Key Managerial Personnel and recommend the appointment to the Board.
- The Committee shall also review, ascertain the expertise and qualification for appointment of any candidate up to the level of Sr. Vice President and above, even if such appointment is not at the level of SMP.

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as senior management. The Senior Management personnel shall be appointed or promoted with the authority/approval of the Committee.
- A person should possess adequate qualifications, expertise, and experience for the position he/she is considered for appointment. The Committee has the discretion to decide whether qualification, expertise and experience possessed by a person are sufficient/satisfactory for the concerned position.
- For every appointment of an independent director, 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. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description.
- The appointment of any Whole-Time Director/ Key Managerial Personnel /Senior Management shall also be governed by the prevailing employment policies of the Company.
- A Whole-Time Key Managerial Personnel of the Company shall not hold office in more than one Company except in its subsidiary company at the same time.
- The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager/ Independent Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of the members by a special resolution.

**Term/Tenure:**

The term/tenure of the Directors, Key Managerial Personnel shall be governed as per provisions of the Act, and rules made thereunder as amended from time to time and/or terms & conditions of their appointment.

The term/tenure of the Whole-time Director and Independent Director shall be as follows:

- **Managing Director/Whole-time Director/Manager (Managerial Person):**

The Company may appoint or re-appoint a person as its 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.

- **Independent Director:**

- An Independent Director may hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment for another term up to five consecutive years on passing of a special resolution by the shareholders of the Company.
- 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 an Independent Director, it should be ensured that number of Boards on which such Independent Director serves, is restricted to applicable regulations in force.

**Removal:**

Due to reasons for any disqualifications mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director or Key Managerial Personnel subject to the provisions and compliance of the Act, rules and regulations.

Senior Management personnel shall be appointed or promoted and removed/relieved with the authority of the Committee based on the business need and the suitability of the candidate.

**Retirement:**

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

## **6. REMUNERATION TO DIRECTORS, KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES**

### **General:**

- The remuneration/compensation/ commission etc. to be paid to Directors will be determined by the Committee and recommended to the Board for approval.
- The remuneration and commission to be paid to the Managing Director/Whole-time Directors shall be in accordance with the provisions of the Act, and the rules made thereunder.
- Revision to the existing remuneration/ compensation structure may be recommended by the Committee to the Board, in the case of Managing Director/ Whole-time Director.
- Remuneration of Key Managerial Personnel (other than directors), Senior Management Personnel and other employees shall be as per the policy of the Company based on the grade structure in the Company.
- Revision to the existing remuneration of Key Managerial Personnel, Senior Management Personnel and other employees will be decided and approved by the Managing Director of the Company.
- 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 any of 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.
- The level and composition of remuneration as determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully.
- The relationship of remuneration to performance shall be clear and meet appropriate performance benchmarks.
- The remuneration to directors, Key Managerial Personnel, and senior management shall involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- The directors may receive remuneration/other payments for any other purpose whatsoever as may be decided by the Board on the recommendation of the Committee.

### **Remuneration to Managing Director /Whole-time Director:**

#### **Fixed pay:**

The Managing Director/Whole-time Director shall be eligible for a monthly remuneration as may be approved by the Board. 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 on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

#### **Variable Pay:**

The Company may in its discretion structure any portion of remuneration to link rewards to corporate and individual performance, fulfilment of specified improvement targets or the attainment of certain financial or other objectives set by the Board. The amount payable shall be based on performance against pre-determined financial and non-financial metrics.

#### **Minimum Remuneration:**

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

#### **Provisions for excess remuneration:**

If any 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, 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.

### **Remuneration to Non-Executive/ Independent Director**

Remuneration:

The remuneration shall be fixed in accordance with the statutory provisions of the Companies Act, 2013 and the rules made thereunder.

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 Directors in accordance with the provisions of Schedule V of the Act.

**Sitting Fees:**

The Non-Executive/Independent Directors shall be paid sitting fees, as decided by the Board from time to time, for attending the meetings of the Board and Board's Committees (both statutory and other need-based committees) of which they are members or invitees (attending by invitation) to the meetings.

The Board may at its discretion revise the sitting fees payable to the Non-Executive/Independent Directors from time to time provided that the amount of such fees shall not exceed the limits prescribed under the Companies Act, 2013 or rules made thereunder.

**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.

**Stock Options:**

The Independent Directors shall not be entitled to any stock option of the Company.

**Remuneration to Key Managerial Personnel, Senior Management Personnel and Other employees:**

The Key Managerial Personnel, Senior Management Personnel and other employees of the Company shall be paid monthly remuneration as per the Company's HR policies and /or as may approved by the Committee. 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 as per the Company's HR policies.

**7. PERFORMANCE EVALUATION**

The performance evaluation shall be carried out in following manner:

<b>Performance Evaluation by</b>	<b>Of Whom</b>
Nomination and Remuneration Committee	Performance of individual Directors
Board of Directors	Performance of all Directors, Board and Committees as a whole Performance of all Independent Directors excluding the Director being evaluated
Independent Directors	Performance of Non-Independent Directors and the Board as a whole Performance of the Chairperson of the Company

The Committee shall carry out the evaluation of the performance of every Director at regular intervals (yearly).

**Criteria for evaluation of the board, its committees & individual directors**

The annual performance evaluation of the Board as a whole, its Committee(s) and individual Directors including the Chairman of the Board, shall be carried out in aforesaid manner through structured questionnaire based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India, requirement of section 178 read with clause VII of schedule IV of the Act and the Guidance Note on Board Evaluation issued by Institute of Company Secretaries of India ("ICSI"), about the performance of the Board, its Committees, Individual directors, and the Chairman. All directors shall respond through the structured questionnaire with a rating on a scale of 1 to 5 on the series of assertions/questions. Based on the response to the questionnaire, a formal annual evaluation shall be made by the Board.

**8. POLICY ON BOARD DIVERSITY**

The Board shall comprise of Directors having expertise in different areas/fields like Engineering, Planning Technical, Finance, Legal, Human Resource Management/Administrative, etc. or as may be considered appropriate. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. The Board shall have at least one Board member who has accounting or related financial management expertise and at least one women director.

## **9. POLICY ON ORDERLY SUCCESSION FOR APPOINTMENTS TO THE BOARD AND SENIOR MANAGEMENT**

### **Succession Plan for the Board:**

The Committee of the Company shall identify a suitable person from among the existing top management or from the outside to fill up the vacancy at the Board level. The Committee shall apply a due diligence process to determine the suitability of every person who is being considered for being appointed or re-appointed as a Director of the Company based on their educational qualification, experience & track record, and every such person shall meet the 'fit and proper' criteria, and accordingly any appointment or re-appointment of a Director shall be subject to prior approval/recommendation by Committee of the Company.

The appointment of the person at the Board level shall be in accordance with the applicable provisions of the Act and the Listing Regulation.

### **Succession Plan for the Senior Management:**

The Committee shall periodically review and consider the list of senior managerial personnel due for retirement/attrition within the year. The Committee shall also consider the new vacancies that may arise because of business needs/up-gradation of Department(s)/Regional Office(s). Considering the above, the Committee shall assess the availability of suitable candidates for the Company's future growth and development.

The appointment or vacancy at senior management shall be filled up by the Committee keeping in view the organization's mission, vision, values, goals and objectives.

If a Directors'/Senior Management position suddenly becomes vacant by reason of death or other unanticipated occurrence, the Committee shall convene a special meeting as early as possible to implement the process to fill the vacancy as per business need.

## **10. CHANGES AMONGST DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL**

The Committee may recommend to the Board, changes in Board or Key Managerial Personnel or Senior Management Personnel subject to the provisions of the Act, Listing Regulations and/or applicable Company's policies.

The Key Managerial Personnel and Senior Management Personnel shall superannuate as per the applicable provisions of the regulation and prevailing policy of the Company.

The Managing Director will have the discretion to retain the Key Managerial Personnel or Senior Management Personnel in the same position / remuneration or revised remuneration after attaining the date of superannuation for organizational development reasons.

## **11. REVIEW AND AMENDMENT**

This Policy will be reviewed and reassessed by the Committee as and when required and appropriate recommendations shall be made to the Board to update this Policy based on changes that may be brought about due to any regulatory amendments or otherwise.

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.

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