

# **HLV LIMITED**

## **Nomination, Appointment and Remuneration Policy**

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### **Introduction:**

This “Nomination, Appointment and Remuneration Policy” hereinafter referred to as “Policy” is formulated in terms of Section 178 of the Companies Act, 2013, rules made thereunder and Regulation 19 and Part D of Schedule II and any other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

“The Remuneration Policy/ Criteria” had been adopted by the Nomination and Remuneration Committee ("Committee") and approved by the Board of Directors vide their resolution dated 12<sup>th</sup> February, 2015 and revised on 18<sup>th</sup> March, 2019 w.e.f. 1<sup>st</sup> April, 2019. The Policy was further revised and renamed as “Nomination, Appointment and Remuneration Policy” by the Committee and Board on 6<sup>th</sup> February, 2023. The policy is further reviewed and revised on 11<sup>th</sup> February, 2025.

### **Objective and Purpose:**

This Policy provides for:

- I. Criteria for determining qualifications, positive attributes and independence of a director
- II. Policy on Diversity of Board of Directors
- III. Policy on Remuneration of the Directors, Key Managerial Personnel and Senior Management of the Company.
- IV. Succession Plan for Board of Directors and Senior Management

### **(I) CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES & INDEPENDENCE OF DIRECTOR**

#### **1. Qualifications of Independent Director**

An Independent director shall possess appropriate skills, experience and knowledge in one or more fields of management, finance, law, sales, marketing, administration, corporate governance, operations or other disciplines related to the Company's business.

#### **2. Positive attributes of Independent Directors**

An independent director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interests of the Company; devote sufficient time and attention to his / her professional obligations for informed and balanced decision-making; and assist the Company in implementing the best corporate governance practices.

### **3. Independence of Independent Directors**

An Independent director should meet the requirements of the Companies Act, 2013 and Regulation 16 (1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 concerning independence of directors.

## **(II) DIVERSITY OF BOARD OF DIRECTORS**

The Company believes that a diverse Board will amongst others –

- a. Enhance the quality of decision making and ensure better business performance.
- b. Encourage diversity of perspectives thereby fueling creativity and innovation.
- c. Complement and expand the skills, knowledge and experience of the Board as a whole.
- d. Provide for better Corporate Governance.

A diverse Board will include and make good use of the differences in the skills, knowledge, industry experience, background, gender, race, ethnicity, country of origin, nationality, cultural background and other qualities of the individual members as a whole. All Board appointments will be done on merit, in the context of skills as required for the areas of our business operations and also expertise in the fields of Industry knowledge, Accounts and Finance, Corporate Governance, Legal and Compliance, Strategic Expertise, Marketing and General Management.

The Nomination and Remuneration Committee (“Committee”) of the Board shall:

- a. Review and assess the composition of the Board.
- b. Identify appropriate qualified personnel to occupy Board position.
- c. Suggest appropriate expertise and diversity requirements.
- d. Manage the process of recruiting new members to the Board and defining requisite skills.
- e. Ensure that selection process is formal and thorough and non-discriminatory.
- f. Review and report any changes in relation to the diversity of the Board.

The Committee shall also review the Board composition in terms of the size of the Board, the composition of executive and non-executive directors and the composition of independent directors, each of which shall be in accordance with the requirements of the Articles of Association of the Company, the Companies Act, 2013, Listing Regulations and other statutory / regulatory requirements.

The Committee shall support laying down a succession plan and drive the understanding of talent across the organization and support development program for the Board. As part of the exercise, it will also plan for the evolution of non-executive directors over the medium term to maintain appropriate mix of skills, age and diversity on the basis of gender, race, ethnicity, country of origin, nationality and cultural background.

## **(III) REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT**

The Committee shall identify persons who possess appropriate qualifications, experience and attributes for appointment as Executive / Non-Executive Directors and Key Managerial Personnel and recommend their appointment to the Board along with the terms of appointment and remuneration. The

Board shall consider recommendations of Committee and approve the appointment and remuneration, subject to approval of the shareholders, in case of directors.

The remuneration to the Board of Directors of the Company is broadly governed by the provisions of the Companies Act 2013 and Listing Regulations. As per the provisions of the Companies Act, a director or manager may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the company (Commission) or partly by one way and partly by the other. In the event of losses or inadequacy of profits, the remuneration shall be within the ceilings applicable under the Companies Act, 2013 or with the approval of the shareholders and Central Government, if any, for payment of higher remuneration.

#### **A. Remuneration of Executive/Managing Directors**

Executive/Managing Directors are eligible to receive a fixed remuneration on a monthly basis. The fixed remuneration is determined based on market standards and the Company's specific requirements. Apart from the fixed remuneration, the Executive/Managing Directors are also eligible for commission linked to profit of the Company as may be decided by Board on the recommendation of the Committee, subject to adequacy of profits and approval of the shareholders. They are also eligible for perquisites and allowances, retiral benefits (like Provident Fund/Gratuity/Superannuation/Leave encashment, etc.) and other benefits like medical policy, car, telephone, etc. as per policy of the Company.

The Board of Directors on recommendation of Committee shall evaluate remuneration of Executive /Managing Directors annually based on the performance of the Company, the prevailing market trends and the individual performance.

The Executive/Managing Directors shall not be entitled to any sitting fee for attending meetings of the Board or Committee thereof.

The remuneration payable to the Executive/Managing Directors shall be comparable with the remuneration paid to the Executive/Managing Directors of other companies which are similar to the Company in terms of nature of business, size and complexity.

#### **B. Non-Executive Directors (NEDs)**

The Companies Act, 2013 and Listing Regulations, allow a Company to pay remuneration including sitting fees to its NEDs.

The Non-executive and Independent Directors are entitled to receive sitting fee for attending meetings of the Board or Committee thereof or any other meeting within the limits prescribed under Companies Act, 2013 and any other fixed remuneration or commission as may be recommended by the Committee and approved by the Board of Directors and Shareholders within the limits as laid down under the Companies Act, 2013 and Listing Regulations.

NEDs shall be paid a sitting fee of Rs.30,000 for every meeting of the board or committee thereof attended by them as member.

The Board shall have the flexibility to enhance the sitting fees up to the maximum limit allowed by the Companies Act, 2013 and Rules thereunder.

Payment of any other fixed remuneration or commission to each NED shall be at the discretion of the Board, based on the following criteria:

- Performance of the Company during the particular Financial Year
- Attendance at the meetings of the Board and Committees
- Reviewing the Industry practices and bench marks
- Adherence to Corporate Governance norms during the discussions and proceedings of the Board / Committees
- Timely guidance to the Board on important policy matters of the Company
- Extra time that may be devoted and contributions made by the Non-Executive Directors

Independent Directors shall not be entitled for any stock options.

NEDs may also be paid/reimbursed such sums either as fixed allowance and /or actual as fair compensation for travel, boarding and lodging and incidental and /or actual out of pocket expenses incurred by such member for attending Board/Committee Meetings.

### **C. Key Managerial Personnel and Senior Management**

Key Managerial Personnel and Senior Management Personnel are eligible to receive a fixed remuneration on a monthly basis. The aim of providing fixed remuneration is to attract and retain qualified and talented professionals. The fixed remuneration is determined based on market standards and the Company's specific requirements.

Remuneration to Key Managerial Personnel and Senior Management Personnel, who are members of the core management team, excluding the Board of Directors, comprising of 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) specifically including the functional heads, by whatever name called and the persons identified and designated as key managerial personnel, other than the board of directors, are determined / reviewed / and recommended to the Board by the Committee considering short and long term performance objectives appropriate to the working of the Company and its goals and the market trends.

## **IV. SUCCESSION PLAN FOR BOARD OF DIRECTORS, KMPs AND SENIOR MANAGEMENT**

### **1. Succession Plan for the Board and the KMPs**

The Committee shall identify suitable persons from among the existing top management personnel or from outside the Company to fill up the vacancy at the Board and KMP level. The Committee shall apply a diligence process to determine the suitability of every person who is being considered for appointment or re-appointment as a director or KMP of the Company based on his/her educational qualifications, experience and track record. The appointment, re-appointment or removal of the person at the Board and KMP level shall be recommended by the Committee and approved by the Board. Such appointment, re-appointment or removal shall be in accordance with the applicable provisions of the Companies Act, the Listing Regulations and other laws as applicable to the Company.

## **2. Succession Plan for the Senior Management**

The Committee shall periodically review and consider the list of Senior Management Personnel due for retirement or resignation within the year. The Committee shall also consider new vacancies that may arise because of business needs or up-gradation of department(s). Accordingly, the Committee shall assess the availability of suitable candidates for the Company's future growth and development. The vacancy or fresh appointments at the Senior Management level shall be in line with the internal policy(ies) adopted by the management, keeping in view the organization's mission, vision, values, goals and objectives. The Chairperson & Managing Director, the Executive Directors and the Head – Human Resources shall also, from time to time, identify & recommend high-potential employees who merit faster career progression and formulate, administer, monitor and review the process of skill development and identify training requirements in respect of such employees. The appointment of Senior Management Personnel shall be in accordance with the applicable provisions of the Companies Act, the Listing Regulations and other laws as applicable to the Company.

## **3. Emergency Succession or Temporary Change**

If a director's slot/Senior Management Personnel's position suddenly becomes vacant by reason of death or other unanticipated occurrence, the Committee/ Executive Directors shall convene a special meeting as early as possible to implement the process described herein, subject to the necessity involved. For a temporary change in executive leadership (i.e., illness or leave of absence for long time), the immediate junior officer, reporting to such executive, shall take charge in place of his/her senior until the senior executive re-joins the office or if he/she is not competent in the view of the Chairperson and Managing Director or the Committee, then such other person who is competent to take the charge as may be decided by the Managing Director or the Committee will take charge until the senior executive re-joins the office.

The above criteria and policy are subject to review / revision by the Nomination and Remuneration Committee and the Board of Directors of the Company.

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