



HIGH ENERGY BATTERIES (INDIA) LIMITED

Nomination and Remuneration Policy

Section 178(3) of the Companies Act, 2013 requires the Nomination and Remuneration Committee (NRC) to formulate the criteria for determining qualifications, positive attributes and independence of a director. It shall recommend to the Board a policy, relating to the remuneration for the Directors and Key Managerial Personnel (KMP).

Section 178(4) further stipulates that NRC while formulating the policy must ensure that:

- (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- (b) Relationship and remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) Remuneration to directors, KMP and senior management 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.

Such a policy shall be disclosed in the Board's Report.

Clause-49 of the Listing Agreement deals with corporate governance. It *inter alia* requires the constitution of NRC whose role must include:

1. Formulation of 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 and Key Managerial Personnel;
2. Formulation of criteria for evaluation of independent directors and the Board;
3. Devising a policy on Board diversity.

In accordance with the above, a draft Nomination and Remuneration Policy for the company has been prepared and placed before NRC for its recommendation (**Annexure-1**).

The Committee is requested recommend the same to the Board



Annexeure-1

Nomination and Remuneration Policy

1. Preface

- a) The company has no family ownership and is professionally managed. It has constantly been able to draw Board level expertise on the strength of its reputation, ethical conduct, transparency in dealings and a conducive Board environment. Remuneration has not been the *raison d'etre* in attracting and motivating Non Executive Directors who are driven essentially by their passion and overall value proposition in committing their valued time to the company.
- b) This Nomination and Remuneration Policy (the Policy) has been formulated in compliance of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

2. Applicability

This Policy is applicable to -

- o All Directors – both Executive and Non Executive
- o Key Managerial Personnel (KMP)

3. Definition

- a) All terms used in this Policy have the same meaning assigned to it in the Companies Act, 2013, Listing Agreement and/ or any other SEBI Regulation(s) as in force from time to time.
- b) Singular will include plural and masculine will include feminine as relevant and appropriate.

4. Objectives

- a) To formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- b) To formulate the criteria for evaluation of Independent Directors and the Board.



- c) To identify persons who are qualified to become Directors and who may be appointed as KMP in accordance with the criteria laid down in this policy.
- d) To carry out evaluation of every Director's performance.
- e) To recommend to the Board the appointment and/or removal of Directors and KMP.
- f) To recommend to the Board policy relating to remuneration for Directors and KMP.
- g) To advise a policy on Board diversity.
- h) To assist the Board in formulating an orderly succession plan for the appointment to the Board and KMP.
- i) To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- j) To perform such other functions as may be necessary or appropriate for the performance of its duties.

5. Committee proceedings

- a) The composition of Nomination and Remuneration Committee (the Committee), its powers and duties, role and responsibilities, conduct of meetings and matters incidental thereto shall be governed by extant provisions of the Companies Act, 2013 and Listing Agreement.
- b) A member of the Committee shall not be present and must abstain from voting when the Committee is discussing his reappointment or remuneration or is evaluating his performance.



6. Board diversity

- a) The company shall have an appropriate balance of Executive and Non Executive Directors as well as Independent and Non Independent Directors and Woman Director in accordance with the Companies Act, 2013 and Listing Agreement.
- b) No relative of Chairman or Managing Director/ Whole-time Director will be inducted on the Board except under special circumstances and for reasons to be recorded in writing by the Committee.
- c) The Board composition shall ensure an optimal balance of expertise drawn from industry, management, finance and other disciplines.
- d) The Managing Director/ Whole-time Director shall be a professional with proven track record and reputation in the industry/ corporate circles.

7. Appointment and removal of Director and KMP

Appointment criteria

- 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 considered. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/ satisfactory for the concerned position.
- c) The Committee must satisfy that the person being considered for appointment as a director does not suffer any disqualification u/s 164 of the Companies Act, 2013.



- d) Appointment of Independent Director is subject to compliance of and his conforming to all the conditions specified under Section 149 of the Companies Act, 2013, read with Schedule-IV thereto and the Rules made thereunder and the Listing Agreement.
- e) The Committee shall ensure that statutory formalities under the Companies Act, 2013 and Listing Agreement, including passing requisite resolution in general meeting and filing appropriate returns and declarations with MCA or Stock Exchanges are duly complied with.

Removal

The Committee may recommend with reasons recorded in writing for the removal of a Director and KMP subject to the provisions and compliance of the Companies Act, 2013, rules and regulations thereunder and the Policy of the company.

Retirement

The Director and KMP shall retire as per applicable provisions of the Companies Act, 2013 and the prevailing Policy of the company. The Board will have the discretion to retain any of them in the same position, remuneration or otherwise even after attaining the normal superannuation age, for the benefit of the company.

8. Evaluation

- a) The Committee shall formulate the criteria for evaluation of Independent Directors and the Board.
- b) The Committee will carry out the evaluation of the performance of KMPs, once a year or at such other interval it deems fit.
- c) The Independent Directors at their separate meeting will review the performance of Non Independent Directors and the Board as a whole. They shall also review the performance of the Chairperson of the company taking into account the views of both Executive and Non Executive Directors.



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- d) The performance evaluation of Independent Directors shall be done by the entire Board, excluding the director being evaluated.

9. Managing / Whole-time Director

- a) The company shall have one or more of Managerial person, viz. Executive Chairman, Managing Director or Executive Director appointed in accordance with the Companies Act, 2013
- b) Such an appointment shall ordinarily be for a term of three years but shall never exceed five years at a time.
- c) The company shall not have the same person occupying the position of Chairman and Managing Director.
- d) No relative of a director can be appointed to these positions.
- e) Reappointment shall not be done more than one year in advance of the expiry of current term.

10. Remuneration

Remuneration to Managing / Whole-time Director

- a) The remuneration of Managing / Whole-time Director shall be governed by the provisions of the Companies Act, 2013 and Rules thereunder. It is subject to the approval of members by ordinary or special resolution as applicable.
- b) The Committee shall make its recommendations from time to time to the Board for determining or revising the remuneration.
- c) The remuneration shall ordinarily comprise of fixed component, viz. basic salary, other allowances and perquisites and retirement benefits. It would be structured in a tax-efficient manner as permissible under the tax laws of the country.



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- d) The Managing / Whole-time Director will also be eligible for variable pay, viz. commission based on profits of the company.
- e) Where the company has no profit or inadequate profit in a financial year, it shall pay remuneration at normal levels subject however that no commission is payable in such a year. However an incentive amount as determined by the Board on the recommendations of the Committee at an appropriate level lower than normative commission is payable in such a year.
- f) The remuneration is ordinarily fixed for the entire tenure with no annual increments or interim revisions. The Board on the recommendations of the Committee is however competent to change the terms of appointment any time within the overall limits approved by shareholders and within the remuneration ceiling fixed by the Companies Act, 2013.
- g) No sitting fees is payable.
- h) No stock option is available as per present Remuneration Policy.

Remuneration to Non Executive/ Independent Director

- a) Non Executive/ Independent Directors are entitled for remuneration by way of sitting fees for attending meetings of the Board or Committee thereof. It shall not exceed the maximum amount provided in the Companies Act, 2013 or Rules thereunder.
- b) In addition, commission may be paid within the mandatory limit approved by the shareholders subject to an overall ceiling at one percent of the net profit of the company computed as per the applicable provisions of the Companies Act, 2013.
- c) No stock option is available for Non Executive Directors, including Independent Directors, as per present Remuneration Policy
- d) Non Executive Directors are entitled for travelling and other expenses incurred for attending Board/ Committee/ General meetings or in connection with attending to any business of the company.



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Remuneration to KMP

- a) Remuneration to KMP shall consist of fixed component, namely, basic pay, other allowances, perquisites and retirement benefits in accordance with the HR policy of the company.
- b) They are eligible for a variable component as and by way of incentive payment determined by the Managing Director in consultation with Chairman. This will be decided based on the balance between performance of the company and performance of KMP.

11. Implementation

- a) The Committee may issue guidelines, procedures, formats, reporting mechanism to supplement or facilitate better implementation of this Policy from time to time.
- b) The Committee may delegate any of its powers to one or more of its members or to the Managing Director.
- c) Deviations on elements of this Policy under exceptional circumstances may be made by the Managing Director in the interest of the company but the same shall be reported to the Committee within 3 months.
- d) The Board of Directors on the recommendations of Committee can amend this Policy from time to time.

12. Disclosure

The details of this Policy and the evaluation criteria as applicable shall be disclosed in the Annual Report as part of Board's Report therein. Alternatively it may be put up on the Company's website and reference drawn thereto in the Annual Report.
