



**REMUNERATION POLICY  
OF  
HIMALAYA GRANITES LIMITED**

*Framed under Section 178 (3) of the Companies Act, 2013 and Regulation 19 read with Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015*

Pursuant to Section 178 (3) and (4) of the Companies Act, 2013 (the Act), the Board of Directors of the Company on the recommendation of Nomination and Remuneration Committee, had initially approved the 'Remuneration Policy'. However, pursuant to enactment of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations, 2015) with effect from December 1, 2015, the Policy was required to be revised. Accordingly, the Board of Directors on the recommendation of the Committee had adopted the revised policy in place of the existing policy in its meeting held on May 28, 2016.

Further, pursuant to enactment of the Companies (Amendment) Act, 2017 and the SEBI (Listing Obligations and Disclosure Requirements) (Amendments) Regulations, 2018, the Policy was further required to be revised. Accordingly, the Board of Directors adopted the revised policy in their meeting held on May 29, 2019.

**CLARIFICATIONS, AMENDMENTS AND UPDATES**

This Policy shall be implemented as per the provisions of the Applicable Law. Any amendments in the Applicable Law, including any clarification/ circulars of relevant regulator, shall be read into this Policy such that the Policy shall automatically reflect the contemporaneous Applicable Law at the time of its implementation.

All words and expressions used herein, unless defined herein, shall have the same meaning as respectively assigned to them, in the Applicable Law under reference, that is to say, the Companies Act, 2013 and Rules framed thereunder, or Listing Regulations, 2015, as amended, from time to time.

**I. INTERPRETATION CLAUSES**

For the purposes of this Policy references to the following shall be construed as:

- “Act”** : means the Companies Act, 2013 as may be amended from time to time;
- “Applicable Law”** : includes any statute, law, listing agreement, regulation, ordinance, rule, judgment, order, decree, bye-law, clearance, directive, guideline, policy, requirement, notifications and clarifications or other governmental instruction and/or mandatory standards as may be applicable to the Company from time to time
- “Board”** : means the Board of Directors of the Company;
- “Company”** : refers to Himalaya Granites Limited



- “Key Managerial personnel (KMP)”** : refers to-
- Managing Director, Manager, Chief Executive Officer, Whole-Time Directors;
  - Chief Financial Officer;
  - Company Secretary;
  - Officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board of Directors of the Company; and
  - Officer(s) as may be prescribed under Applicable Law;
- “Listing Regulations”** : means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be amended from time to time;
- “Nomination and Remuneration Committee” or “NRC” or “Committee”** : means the committee constituted by the Board of Directors as per the provisions of Section 178(1) of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, 2015;
- “Non- executive Director”** : means the non- executive Director including Independent Director appointed by the Company;
- “Policy” or “this Policy”** means the contents herein including any amendments made by the Board of the Company;
- “Senior management personnel” or “SMP”** : Means officers / personnel of the Company who are members of its core management team excluding 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) and shall specifically include company secretary and chief financial officer.

## **EFFECTIVE DATE**

This Policy shall become effective from the date of its adoption by the Board.

## **II. SCOPE**

- This Policy applies to all the “Executives” of the Company.
- In addition, this Policy also extends to the remuneration of Non-Executive Directors, including principles of selection of the Independent Directors of the Company.
- The Board of Directors have adopted the remuneration policy on the recommendation of the Committee. This Policy shall be valid for all employment agreements entered into after the approval of the Policy and for changes made to existing employment agreements thereafter.



The Board of Directors of the Company may deviate from this Policy if there are explicit reasons to do so in an individual case. Deviations on elements of this Policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be disclosed in the Annual Report of the year at which the said deviations takes place.

### **III. PURPOSE**

This Policy reflects the Company's objectives for good corporate governance as well as sustained and long-term value creation for stakeholders. This Policy will also help the Company to attain Board diversity and create a basis for succession planning. In addition, it is intended to ensure that—

- a) the Company is able to attract, develop and retain high-performing and motivated Executives in a competitive international market;
- b) the Executives are offered a competitive and market aligned remuneration package, with fixed salaries being a significant remuneration component, as permissible under the Applicable Law;
- c) remuneration of the Executives are aligned with the Company's business strategies, values, key priorities and goals.

### **IV. GUIDING PRINCIPLES FOR REMUNERATION AND OTHER TERMS OF EMPLOYMENT**

The guiding principle is that the remuneration and the other terms of employment for the Executives shall be competitive in order to ensure that the Company may attract and retain competent Executives. In determining the Policy, the Committee ensures that a competitive remuneration package for all Executives is maintained and is also benchmarked with other multinational companies operating in national and global markets.

### **V. RESPONSIBILITIES AND POWERS OF THE COMMITTEE**

The Committee, in addition to the functions and powers as endowed by its terms of reference, would be also responsible for –

- a) Preparing, and recommending for, the Board's decisions on issues concerning principles for remunerations (including pension and severance pay) and other terms of employment of Executives and Non-executive Directors;
- b) formulating criteria of qualifications and positive attributes to assist the Company in identifying the individuals eligible for the office of Executives in accordance with the criteria laid down, and recommending the Board of Directors their appointment and removal;
- c) monitoring and evaluating programs for variable remuneration, both ongoing and those that have ended during the year, for Executives and Non-executive Directors;
- d) monitoring and evaluating the application of this Policy;
- e) monitoring and evaluating current remuneration structures and levels in the Company;
- f) authorising the Head of Human Resource to approve the promotions and changes in designation of the SMPs in consultation with the Managing Director of the Company, with or without affecting their role, responsibilities, terms and conditions of appointment including remuneration.

## **VI. PRINCIPLES FOR SELECTION OF INDEPENDENT DIRECTORS**

The nomination of the Independent Directors of the Company shall be in accordance with the principles as stated hereunder:

- (a) is a person of integrity and possesses relevant expertise and experience;
- (b) possesses appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business;
- (c) is or was not a promoter of the Company or its holding, subsidiary or associate company or member of the promoter group of the Company and not related to promoters or directors in the company, its holding, subsidiary or associate company;
- (d) has or had no pecuniary relationship other than remuneration as such director or having transaction not exceeding ten percent of his total income or such amount as may be prescribed under the law or any amendment thereafter, with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;

(e) none of whose relatives -

- i. is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year:

Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two percent of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be provided under the law or any amendments thereafter;

- ii. is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, to such amount as may be provided under the law or any amendments thereafter, at any time during the two immediately preceding financial years or during the current financial year;
- iii. has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, to such amount as may be provided under the law or any amendments thereafter, at any time during the two immediately preceding financial years or during the current financial year; or
- iv. has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company or their promoters or directors, amounting to two percent or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii)

(f) neither himself nor any of his relatives—

- i. holds or has held the position of a key managerial personnel or is or has been employee of the Company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years;



- ii. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of
    - (a) a firm of auditors or company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate company; or
    - (b) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to ten percent or more of the gross turnover of such firm;
  - iii. holds together with his relatives two percent or more of the total voting power of the Company; or
  - iv. is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five percent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two percent or more of the total voting power of the Company;
  - v. is a material supplier, service provider or customer or a lessor or lessee of the Company.
- (g) who is not less than 21 years of age;
- (h) who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director.

## **VII. OVERALL CRITERIA FOR SELECTION OF EXECUTIVES**

The assessment for Functional head will be done on the basis of below parameters by the concerned interview panel of the Company -

- a) Competencies:
  - Necessary skills (Leadership skill, communication skills, Managerial skills etc.)
  - Experiences, knowledge & expertise to successfully complete the tasks.
  - Positive background reference check.
- b) Capabilities:
  - Suitable or fit for the task or role.
  - Ability to exercise sound judgement.
  - Potential for growth and the ability and willingness to take on more responsibility.
  - Intelligent & fast learner, Good Leader, Organiser & Administrator, Good Analytical skills Creative & Innovative.
- c) Compatibility:
  - Can this person get along with colleagues, existing and potential clients and partners.
  - Strong Interpersonal Skills.
  - Flexible & Adaptable.
- d) Commitment:
  - Candidate's seriousness about working for the long term.
  - Vision & Aim.
- e) Character:



- Ethical, honest, team player.

f) Culture:

- Fits with the Company's culture. (Every business has a culture or a way that people behave and interact with each other. Culture is based on certain values, expectations, policies and procedures that influence the behavior of a leader and employees. Employees who don't reflect a company's culture tend to be disruptive and difficult)
- Presentable & should be known for good social & corporate culture.

## VIII. GENERAL POLICIES FOR REMUNERATION

Various remuneration components would be combined to ensure an appropriate and balanced remuneration package.

The five remuneration components are -

- fixed remuneration (including fixed supplements)
- performance-based remuneration (variable salary)
- pension schemes, where applicable
- other benefits in kind
- severance payment, where applicable

The *fixed remuneration* would be determined on the basis of the role, responsibilities, duties, time involvement and position of the individual, including professional experience, responsibility, job complexity and local market conditions.

The *performance-based remuneration* motivates and rewards high performers who significantly contribute to sustainable results, perform according to set expectations for the individual in question, and generates stakeholder value within the Group.

### A. For Executives

Any remuneration payable to the Executives of the Company shall abide by the following norms-

- i. The base salary shall be competitive and based on the individual Executive's key responsibilities and performance;
- ii. Base salaries would be based on a function-related salary system and be in line with the market developments shown by the benchmark research and additional market studies. When first appointed, an Executive's base salary will usually be below the maximum function-related salary. Normally (and subject to the decision of the Committee), the base salary would reach the maximum function-related salary level over a maximum 3-year period from appointment. The annual review date for the base salary would be April 1;

Adjustment of individual salaries by the Committee is influenced by the (annual) adjustment, if any, of the function related salary levels and the progress to the (maximum) function-related salary level if this level has not yet been reached;

- iii. The Executives may receive variable pay in addition to fixed salaries;

- iv. The performance-based pay to the SMPs, including revisions in fixed remuneration, if any, would be decided by the Head of Human Resources of the Company in consultation with the Managing Director of the Company, as and when necessary, and subject to Applicable law;
- v. The performance-based pay would be granted to reflect the Company's financial results, the performance of the business unit where the Executive is employed and also, the individual's performance. The performance will be related to the fulfilment of various improvement targets or the attainment of certain financial objectives. Such targets will be set by the Board of Directors and may relate to inter alia operating income, operating margin or cash flow. Further, both financial and non-financial factors shall be taken into consideration when determining the individual's bonus. A discretionary assessment would always be ensured that other factors – including factors which are not directly measurable – have been considered;
- vi. The Board may, under specific circumstances, decide to reclaim the variable salary already paid or to cancel or limit or revise such variable salary to be paid to the Executives;
- vii. The Executives will be entitled to customary non-monetary benefits such as company cars, phone and such other fixed entitled benefits;
- viii. Pension contributions shall be made in accordance with applicable laws and employment agreements;
- ix. A Director may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board, as permissible under Applicable law;
- x. If any Director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, under the Applicable law, such remuneration shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive the recovery of any sum refundable to it;
- xi. Subject to the provisions under Applicable Law, a Director who is in receipt of any commission from the Company and who is a managing or whole-time director of the Company shall not be disqualified from receiving any remuneration or commission from any holding or subsidiary company of the Company, subject to its disclosure by the Company in the Board's report;
- xii. The Company shall place the Policy on its website.
- xiii. The Company shall make necessary disclosure of remuneration of the Executives and the salient features of the Policy along with the web link of the Policy in its Annual Report as may be required under Applicable Law.

#### **B. For Non- executive Directors**

Any fee/remuneration payable to the Non-Executive directors of the Company shall abide by the following norms –



- i. If any such director draws or receives, directly or indirectly, by way of fee/remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, under the Applicable law such remuneration shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive the recovery of any sum refundable to it;
- ii. Such directors may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board, as permissible under Applicable law;
- iii. An independent director shall not be entitled to any stock option and may receive remuneration only by way of fees and reimbursement of expenses for participation in meetings of the Board or Committee thereof and profit related commission, as may be permissible by the Applicable law.
- iv. The annual report would specify necessary disclosure along with the remuneration paid to the Non-Executive directors as required under Applicable Law.

**C. The Company shall advance loans to its employees in accordance with its HR policy.**

#### **IX. NOTICE OF TERMINATION AND SEVERANCE PAY POLICY**

- A. Save and except as provided in the terms and conditions of appointment, if the Executive resigns from the services of the Company, the Executive will be required to give to the Company three months' notice or salary in lieu of such notice. Similarly, if the services of Executive are terminated by the Company, the Executive will be given three months' notice or salary in lieu of such notice. For the purpose of severance pay 'Salary' means basic salary of Executive.
- B. All the Non-Executive directors shall give notice of their resignation/ termination to the Company as per Applicable Law and they will not be entitled to any severance pay from the Company.

#### **POLICY REVIEW**

This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Applicable Law or as may be otherwise prescribed by the Committee/ Board from time to time.

By order of the Board  
For **Himalaya Granites Limited**

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**Hariom Pandey**  
**Company Secretary**

Date: May 29, 2019  
Place: New Delhi