

SUBJECT: NOMINATION AND REMUNERATION POLICY

EFFECTIVE DATE 10TH JUNE, 2020 VERSION NO. HSIL/VERSION IVLAST VERSION DATE 31ST JANUARY, 2019 LAST VERSION NO. HSIL/VERSION III

This Policy has been formulated pursuant to Companies Act, 2013 and SEBI ((Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference for the Committee *interalia* include the following alongwith detailed terms of reference as referred in **Schedule B** of this policy:

- (i) recommending to the Board qualifications, positive attributes and criteria for independence of a director;
- (ii) recommending to the Board a policy relating to the remuneration of the Directors and Key Managerial Personnel;
- (iii) formulating a criteria for evaluation of independent Directors and the Board and carrying out evaluation of every Director's performance;
- (iv) devising a policy on Board diversity; and
- (v) identifying persons qualified to become Directors and be appointed as Senior Management in accordance with the criteria laid down, and recommending to the Board their appointment and removal.
- (vi) recommending to the board, all remuneration, in whatever form, payable to Senior Management

Therefore, in furtherance to the aforementioned terms of reference, the Committee has formulated the following Nomination and Remuneration Policy in accordance with Section 178 of the Companies Act and Listing Regulations.

1. **Effective date:** This Policy shall come into force with immediate effect.

2. **Definitions:**

“**Board**” or “**Board of Directors**” shall mean the board of Directors of the Company as constituted from time to time.

“**Company**” shall mean HSIL Limited.

“**Companies Act**” shall mean the Companies Act 2013 as amended, modified or supplemented from time to time, read with the relevant rules, regulations and notifications as may be applicable.

“**Committee**” shall mean the Nomination and Remuneration Committee of the Company.

“**Directors**” shall mean the executive, non-executive and independent directors appointed on the Board of the Company from time to time.

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“**Key Managerial Personnel**” shall mean (i) chief executive officer or the managing director or the manager; (ii) company secretary; (iii) whole-time director; (iv) chief financial officer; and (v) such other officer as may be prescribed in the Companies Act.

“**Listing Agreement**” shall mean an agreement that is entered into between a recognised stock exchange and an entity, on the application of that entity to the recognised stock exchange, undertaking to comply with conditions for listing of designated securities.

“**Listing Regulations**” shall mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 dated 2nd September, 2015 as amended, modified or supplemented from time to time.

“**Policy**” shall mean this Nomination and Remuneration Policy of the Company.

“**Senior Management**” shall mean the following personnel constituting the core management team for the Company:

- (a) For the Building Products Division- the Presidents in the division, chief human resource officer and chief financial officer;
- (b) For Packaging Products Division- the President of the division, and respective heads of Garden Polymers, AGI glaspac and AGI closures businesses;
- (c) Apart from the above, Presidents of other divisions reporting to the Board/ Executive Board.
- (d) All members of Management one level below 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.

Other terms used and not defined herein, shall have the same meaning as assigned to these in the Companies Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

3. **Policy in relation to nomination of Directors, Key Managerial Persons and Senior Management**

3.1 **Guiding Principles**

- (a) The nomination procedure adopted by the Company for identifying and appointing Directors, Key Managerial Personnel and Senior Management, shall be driven by meritocracy and will focus on inducting individuals from diverse backgrounds, having appropriate skills, qualifications, knowledge, expertise or experience, in one or more fields such as engineering, finance, management, business administration, sales, marketing, law, accountancy, research, corporate governance, technical operations, education, community service or any other disciplines connected with the

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business of the Company.

- (b) The Company seeks to have a management comprising of likeminded personnel, possessing skills which assist the Company in achieving its objectives and aiming for inclusive growth of the Company and the community.
- (c) The Company specifically looks for persons with qualities such as: (i) professional integrity and honesty;(ii) respect for and strong willingness to imbibe the Company's core values; (iii) ability to act impartially, exercise sound judgment and discharge the fiduciary duties owed by such individuals to the Company; (iv) strategic capability with business vision; (v) entrepreneurial spirit and track record of achievement; (vi) reasonable financial expertise; (vii) have contacts in the fields of business/corporate world/finance/chambers of commerce and industry; and (viii) capability to effectively review and challenge the performance of the management.
- (d) With respect to Independent Directors, the management of the Company shall devise and update, as and when required, programs for familiarizing such directors with the Company, its business, their roles, rights and responsibilities in the Company etc.
- (e) The Company seeks to have diversity on the Board by bringing in professional performance in different areas of operations, transparency, corporate governance, financial management, risk assessment and mitigation strategy and human resource management in the Company. The Company will be considerate of succession planning and Board diversity while making appointments of directors on the Board.

3.2 Eligibility criteria

3.2.1. **For all Directors:** An individual being considered for being appointed as a Director must fulfil the following eligibility criteria:

- (a) he must be of a sound mind;
- (b) he should neither be an undischarged insolvent nor should he have preferred an application for being adjudicated as an insolvent, which application is pending before any court or authority;
- (c) he must not have been convicted by a court of any offence that makes him incapable of being appointed as a Director under the Companies Act;
- (d) no order disqualifying him from being appointed as a Director of any company should have been passed by a court or tribunal, or in case such an order has been passed, it must not be in force or be effective as prescribed under the Companies Act;

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- (e) he should have paid calls with respect of any shares held by him in the Company, whether alone or jointly and in case such calls have not been paid, a period of 6 months shall not have lapsed from the date such payment is due;
- (f) he should not have been convicted of the offence dealing with related party transactions under section 188 of the Companies Act at any time during the five years, immediately preceding his appointment with the Company and in case such an order has been passed it must not be in effective in accordance with the terms of the Companies Act;
- (g) he must have been allotted a director identification number pursuant to the provision of the Companies Act;
- (h) he must not have been a Director of a company which (i) has not filed financial statements or annual returns for any continuous period of three financial years, or (ii) has failed to repay deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more, provided that if he has been the Director of such a company, the failure of the company to undertake these actions must not have occurred within the immediately preceding five years of his being considered for appointment as a Director with the Company.

3.2.2 **For a managing director, whole-time director or manager:** In addition to the criteria specified in clause 3.2.1, an individual being considered for the post of a managing director, whole time director or a manager must fulfil the following eligibility requirements:

- (a) he must be a resident of India;
- (b) he must have attained the age of 21 years and must not have attained the age of 70 years. However, in case the individual proposed to be appointed has attained the age of 70 years, he may be appointed as the managing director, whole-time director or manager if a special resolution is passed to this effect by the shareholders of the Company;
- (c) he must not have been adjudged as an insolvent at any point in time;
- (d) he must not have suspended payment to or made a composition with his creditors at any point in time;
- (e) he must not have been:
 - (i) convicted by a court of an offence and sentenced to imprisonment or fine such that it would disentitle him from being appointed as the managing director, whole time director or a manager in terms of the Companies Act; or

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- (ii) detained for any period under the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 (52 of 1974).
- (f) during the tenure that he holds office as the managing director, whole time director or a manager of the Company, he must not hold office in any other company except in a subsidiary of the Company. However, in case an individual is the managing director or manager of another company, the Board may appoint such an individual as the managing director, if his appointment is made in accordance with section 203 of the Companies Act and such an individual does not draw remuneration exceeding the limits specified in Schedule V of the Companies Act.
- 3.2.3 In case an individual does not meet the eligibility criteria mentioned in clause 3.2.2 of this Policy (except sub-clause (f)), such an individual may be appointed as the managing director, whole time director or a manager subject to the provisions of the Companies Act.
- 3.2.4 **For Independent Directors:** As defined in the Companies Act, 2013 and/or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended/ modified from time to time.
- 3.2.5 **For Key Managerial Personnel and Senior Management:** Individuals to be appointed as Key Managerial Personnel (other than managing director, manager and whole-time director) and Senior Management shall have such qualifications, experience and expertise as may be determined by the management in consultation with the Committee, provided that a whole-time Key Managerial Personnel of the Company shall not hold office in any other company at the same time except (i) in its subsidiary; or (ii) as a Director of the other company, with the permission of the Board.

4. **APPOINTMENT, TERM AND RETIREMENT**

4.1 **Appointment and retirement:**

- (a) All Directors shall be appointed by the Board, based on the recommendations made by the Committee, subject to the prior/post approval of the shareholders of the Company and/or the Central Government, as may be required under the applicable laws.
- (b) The Company shall issue formal letters of appointment to the independent directors in a manner provided in the Companies Act.
- (c) A whole-time Key Managerial Personnel of a Company shall be appointed only by a resolution of the Board containing the terms and conditions of the appointment, including the remuneration
- (d) The retirement of the Directors shall be determined by the Board in accordance with the provisions of the Companies Act.

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- (a) No individual shall be appointed as the managing director, whole-time director or manager for a term exceeding 5 (five) years at a time and no re-appointment shall be made earlier than one year before the expiry of his term.
- (b) An independent director shall hold office for a term up to 5 (five) consecutive years and may be re-appointed for another term of 5 (five) consecutive years, by a special resolution of the members of the Company. An individual who has held office as an independent director for two consecutive terms, shall be eligible for appointment as an independent director of the Company only after expiry of 3 (three) years of him ceasing to hold office as an independent director of the Company, if he has not, during the said period of 3 (three) years been associated with the Company in any other capacity, either directly or indirectly.
- (c) It is clarified that unless otherwise provided in the Companies Act, the term completed by an independent director prior to April 1, 2014 shall not be considered for fulfilling the requirements specified in clause 4.2 (b) above.

5. REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

5.1 Guiding Principles: This Policy of the Company aims to attract, retain and motivate professionals; in order to enable the Company to achieve its strategic objectives and develop a strong performance based culture and a competitive environment. This Policy and the compensation structure has been devised after taking into account all relevant factors and giving due regard to the interests of shareholders and the financial and commercial health of the Company.

5.2 Board to determine the remuneration: The Board while determining the remuneration package of the Directors, Key Managerial Personnel and Senior Management may take into account, all or any of the following:

- (a) the requirement of the Company, specifically in terms of the skill sets required, the qualification of the persons being considered and the long term and short term goals of the Company;
- (b) interests of the shareholders and the financial and commercial health of the Company;
- (c) individual performance of the persons being considered;
- (d) performance of the Company;
- (e) remuneration packages offered by companies of comparable size in the same business as the Company;
- (f) remuneration package offered at the same level by companies of comparable size in

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other businesses; and

(g) other relevant factors it deems necessary.

5.3 **Maximum Threshold:** Except as otherwise provided under the Companies Act or with the prior approval of the Central Government, the total managerial remuneration payable by the Company, to its Directors (including managing director and whole-time director) and its manager in respect of a financial year shall not exceed 11% (eleven per cent) of the net profits of the Company in the relevant financial year, computed in the manner prescribed under the Companies Act. Further, except with the approval of the Company in general meeting:

(a) the remuneration payable to any one managing director; or whole-time director or manager shall not exceed 5% of the net profits of the company and if there is more than one such directors, remuneration shall not exceed ten per cent. of the net profits to all such directors and manager taken together.

Provided that the fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if-

(i) the annual remuneration payable to such executive director exceeds Rs. 5.00 crores or 2.5 per cent of the net profits of the Company, whichever is higher; or

(ii) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity:

(b) the remuneration payable to Directors who are not managing directors nor whole-time directors shall not exceed 1% (one per cent) of the net profits of the Company. However, the approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof.

5.4 **Manner of payment:** Remuneration payable to Key Managerial Personnel and Senior Management may be mix of (i) fixed components such as salary, perquisites and allowances and (ii) variable components including commission, based on the individual performance and the performance of the Company, as determined by the Board, provided that the remuneration payable to the Directors shall be subject to the prior/post approval of the shareholders of the Company and/or the Central Government, as may be required under the applicable laws.

5.5 **Perquisites/allowances:** The Company may offer perquisites and allowances such as house rent allowance, leave travel concession, medical reimbursement, club membership, personal accident insurance and such other benefits, facilities and allowances, to Directors, Key Managerial Personnel and Senior Management as determined by the Board from time to time.

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- 5.6 **Stock Options:** The Company may issue stock option to its Directors (other than Independent Directors), Key Managerial Personnel and Senior Management, as it may deem fit.
- 5.7 **Sitting Fee:** Non-executive Directors of the Company may be entitled to a sitting fee, as determined by the Board or the Company in accordance with the provisions of the Companies Act. No executive Director shall be entitled to receive a sitting fee for attending Board meeting of the Company. Sitting fee will not be considered as a part of remuneration for determining the aggregate managerial remuneration being paid to Directors in accordance with this Policy.
- 5.8 **Remuneration to non-executive Directors:** Non-executive Directors may receive remuneration by way of (i) Sitting fee, (ii) reimbursement of expenses for participation in the Board and other meetings; (iii) profit related commission as may be approved by the shareholders and (iv) in such other manner as may be permitted under applicable law. An independent director shall not be entitled to any stock option.
- 5.9 **Fee for professional services:** It is clarified that, the fee payable to a Director for any professional services rendered by him to the Company shall not be considered as a part of the relevant Director's remuneration.. Provided however that in case approval of the shareholders is required pursuant to the related party transactions policy of the Company or under the Companies Act (by virtue of such a transaction being considered as a contract or arrangement for availing any services and/or for appointment of a related party to any office or place of profit in the Company), such approval shall be obtained, in accordance with the provisions of the Companies Act or the Listing Agreement. All such fees or compensation, if any, paid to non-executive directors, including independent directors shall require approval of shareholders in general meeting.
- 5.10 **Professional Indemnity:** The Company may take such professional indemnity and liability insurance policy for its Directors, Key Managerial Persons and Senior Management, as the Board may deem fit and the premium paid on such insurance shall not to be treated as part of the remuneration payable to any such personnel, except as otherwise provided under the Companies Act.
- 5.11 **Minimum Remuneration:** If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and its statutory amendments and modifications thereto.
- 5.12 **Provisions for excess remuneration:** If any Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act or without the prior sanction of the Central Government, where required, 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 permitted by the Central Government.

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6. PERFORMANCE EVALUATION

6.1 Criteria for Evaluation

The Committee has laid down the criteria for performance of Board, its Committees and Individual Directors as per the performance evaluation provided in Schedule A of this Policy and submit its report to the Board.

6.2 Review of Performance Evaluation

The Committee shall review the implementation and compliance of performance evaluation.

7. MISCELLANEOUS PROVISIONS

7.1 Interpretation

- (a) Unless the context of this Policy otherwise requires:
- (i) words using the singular or plural number also include the plural or singular number, respectively;
 - (ii) words of any gender are deemed to include the other gender;
 - (iii) reference to the word “include” shall be construed without limitation;
 - (iv) the terms “Clause” refers to the specified clause of this Policy;
 - (v) Reference to any legislation or law or to any provision thereof shall include references to any such legislation or Law as it may, after the date hereof, from time to time, be amended, supplemented, re-enacted, replaced or superseded, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision; and
 - (vi) The index bold typeface, headings and titles herein are used for convenience of reference only and shall not affect the construction of this Agreement.

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- 7.2 **Applicable laws:** In case the provisions of this Policy are in conflict with the provisions of the applicable law (including provisions of the Companies Act or the Listing Agreement) or provisions of the applicable law or any interpretation thereof are more beneficial than the provisions of this Policy, the provisions of the applicable law and the relevant interpretation thereof shall supersede the provisions of this Policy and the Company shall be entitled to act in accordance with such provisions of the applicable laws and any interpretation thereof. All actions taken by the Company in accordance with such applicable laws shall be deemed to be in consonance with this Policy.

As approved by the Board of Directors in their meeting held on 10th June, 2020.

Sd/-

(Dr. Rajendra Kumar Somany)

Chairman and Managing Director

SCHEDULE A

PART A:
I. CRITERIA FOR EVALUATION OF BOARD AS A WHOLE

S. No.	PARTICULARS	Y/N
A	STRUCTURE OF THE BOARD:	
1)	Competency of directors: Whether Board as a whole has directors with a proper mix of competencies to conduct its affairs effectively.	
2)	Experience of directors: Whether Board as a whole has directors with enough experience to conduct its affairs effectively.	
3)	Mix of qualifications: Whether Board as a whole has directors with a proper mix of qualifications to conduct its affairs effectively.	
4)	Diversity in Board under various parameters: Gender/background/ competence/experience, etc. – Whether there is sufficient diversity in the Board on the aforesaid parameters.	
5)	Appointment to the Board: Whether the process of appointment to the board of directors is clear and transparent and includes provisions to consider diversity of thought, experience, knowledge, perspective and gender in the board of directors.	
B	MEETINGS OF THE BOARD:	
1)	Regularity of meetings: Whether meetings are being held on a regular basis	
2)	Frequency:	
	Whether the Board meets frequently	
	Whether the frequency of such meetings is enough for the Board to undertake its duties properly	
3)	Logistics: Whether the logistics for the meeting is being handled properly- venue, format, timing, etc.	
4)	Agenda:	
	Whether the agenda is circulated well before the meeting	
	Whether the agenda has all relevant information to take decision on the matter	
	Whether the agenda is up to date, regularly reviewed and involves major substantial decisions	
	Whether the quality of agenda and Board papers is up to the mark	
	Whether outstanding items of previous meetings are followed-up and taken up in subsequent agendas	
	Whether the time allotted for the every item (especially substantive items) in the agenda of the meeting is sufficient for adequate discussions on the subject	
	Whether the Board is able to finish discussion and decision on all agenda items in the meetings	
	Whether adequate and timely inputs are taken from the Board	

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	members prior to setting of the Agenda for the meeting	
	Whether the agenda includes adequate information on Committee's activities.	
5)	<i>Discussions and dissent:</i>	
	Whether the Board discusses every issue comprehensively and depending on the importance of the subject	
	Whether the environment of the meeting induces free-flowing free flowing discussions, healthy debate and contribution by everyone without any fear or fervour	
	Whether the discussions generally add value to the decision making	
	Whether the Board tends towards groupthink and whether critical and dissenting suggestions are welcomed	
	Whether all members actively participate in the discussions	
	Whether overall, the Board functions constructively as a team	
6)	<i>Recording of minutes:</i>	
	Whether the minutes are being recorded properly- clearly, completely, accurately and consistently.	
	Whether the minutes are approved properly in accordance with set procedures.	
	Whether the minutes are timely circulated to all the Board members	
	Whether dissenting views are recorded in the minutes	
7)	<i>Dissemination of information:</i>	
	Whether all the information pertaining to the meeting are disseminated to the members timely, frequently, accurately, regularly	
	Whether Board is adequately informed of material matters in between meetings	
C	FUNCTIONS OF THE BOARD:	
1)	<i>Role and responsibilities of the Board:</i> Whether the same are clearly documented	
2)	<i>Strategy and performance evaluation:</i>	
	Whether significant time of the Board is being devoted to management of current and potential strategic issues	
	Whether various scenario planning is used to evaluate strategic risks	
	Whether the Board overall reviews and guides corporate strategy, major plans of action, risk policy, annual budgets and business plans, sets performance objectives, monitored implementation and corporate performance, and oversees major capital expenditures,	

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	acquisitions and disinvestments.	
3)	<i>Governance and compliance</i>	
	Whether adequate time of the Board is being devoted to analyze and examine governance and compliance issues	
	Whether the Board monitors the effectiveness of its governance practices and makes changes as needed	
	Whether the Board ensures the integrity of the entity's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.	
	Whether the Board oversees the process of disclosure and communications.	
	Whether the Board evaluates and analyses the compliance certificate from the auditors/ practicing company secretaries regarding compliance of conditions of corporate governance.	
4)	<i>Evaluation of Risks:</i>	
	Whether Board undertakes a review of the high risk issues impacting the organization regularly	
	In assessment of risks, whether it is ensured that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the entity to excessive risk.	
5)	<i>Grievance redressal for Investors:</i>	
	Whether the Board regularly reviews the grievance redressal mechanism of investors, details of grievances received, disposed of and those remaining unresolved.	
6)	<i>Conflict of interest:</i>	
	Whether the Board monitors and manages potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions	
	Whether a sufficient number of non-executive members of the board of directors capable of exercising independent judgment are assigned to tasks where there is a potential for conflict of interest	
7)	<i>Stakeholder value and responsibility</i>	
	Whether the decision making process of the Board is adequate to assess creation of stakeholder value	
	Whether the Board has mechanisms in place to communicate and engage with various stakeholders	
	Whether the Board acts on a fully informed basis, in good faith, with due diligence and care, with high ethical standards and in the best interest of the entity and the stakeholders.	
	Whether the Board treats shareholders and stakeholders fairly where decisions of the board of directors may affect different	

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	shareholder/ stakeholder groups differently.	
	Whether the Board regularly reviews the Business Responsibility Reporting / related corporate social responsibility initiatives of the entity and contribution to society, environment etc.	
8)	Corporate culture and values: Whether the Board sets a corporate culture and the values by which executives throughout a group shall behave	
9)	Review of Board evaluation: Whether the Board monitors and reviews the Board evaluation framework.	
10)	Facilitation of independent directors: Whether the Board facilitates the independent directors to perform their role effectively as a member of the board of directors and also a member of a committee of board of directors and any criticism by such directors is taken constructively.	
D	BOARD AND MANAGEMENT:	
1)	Evaluation of performance of the management and feedback:	
	Whether the Board evaluates and monitors management, regularly and fairly and provides constructive feedback and strategic guidance	
	Whether the measures used are broad enough to monitor performance of the management	
	Whether the management's performance is benchmarked against industry peers	
	Whether remuneration of the management is in line with its performance and with industry peers	
	Whether remuneration of the Board and the management is aligned with the longer term interests of the entity and its shareholders.	
	Whether the Board selects, compensates, monitors and, when necessary, replaces key managerial personnel based on such evaluation.	
	Whether the Board 'steps back' to assist executive management by challenging the assumptions underlying strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the entity's focus.	
2)	Independence of the management from the Board: Whether the level of independence of the management from the Board is adequate	
3)	Access of the management to the Board and Board access to the management: Whether the Board and the management are able to actively access each other and exchange information	
4)	Secretarial support: Whether adequate secretarial and logistical support is available for conducting Board meetings	
5)	Fund availability: Whether sufficient funds are made available to the Board for conducting its meeting effectively, seeking expert advice	

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6)	Succession plan: Whether an appropriate and adequate succession plan is in place and is being reviewed and overseen regularly by the Board	
E	PROFESSIONAL DEVELOPMENT:	
	Whether adequate induction and professional development programs are made available to new and old directors	
	Whether continuing directors training is provided to ensure that the members of board of directors are kept up to date	

II. CRITERIA FOR EVALUATION OF INDIVIDUAL DIRECTORS

S. No.	PARTICULARS	DETAILS
1)	Qualifications: Details of professional qualifications of the member	
2)	Experience: Details of prior experience of the member, especially the experience relevant to the entity	
3)	Knowledge and Competency:	
	i. How the director fares across different competencies as identified for effective functioning of the entity and the Board	
S. No.	Particulars	Y/N
	ii. Whether the director has sufficient understanding and knowledge of the entity and the sector in which it operates	
4)	Fulfillment of functions: Whether the director understands and fulfills the functions to him/her as assigned by the Board and the law	
5)	Ability to function as a team: Whether the director is able to function as an effective team- member	
6)	Initiative: Whether the director actively takes initiative with respect to various areas	
7)	Availability and attendance: Whether the director is available for meetings of the Board and attends the meeting regularly and timely, without delay.	
8)	Commitment: Whether the director is adequately committed to the Board and the entity	
9)	Contribution: Whether the director contributed effectively to the entity and in the Board meetings	
10)	Integrity: Whether the director demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.)	

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III. CRITERIA FOR EVALUATION OF COMMITTEES OF THE BOARD

S. No.	PARTICULARS	Y/N
1)	Mandate and composition: Whether the mandate, composition and working procedures of committees of the board of directors is clearly defined and disclosed	
2)	Effectiveness of the Committee: Whether the Committee has fulfilled its functions as assigned by the Board and laws as may be applicable.	
3)	Structure of the Committee and meetings:	
	Whether the Committees have been structure properly and regular meetings are being held	
a)	Agenda:	
	Whether the agenda is circulated well before the meeting	
	Whether the agenda has all relevant information to take decision on the matter	
	Whether the agenda is up to date, regularly reviewed and involves major substantial decisions	
	Whether the quality of agenda and papers is up to the mark (explains issues properly, not overly lengthy, etc.)	
	Whether outstanding items of previous meetings are followed-up and taken up in subsequent agendas	
	Whether the time allotted for the every item (especially substantive items) in the agenda of the meeting is sufficient for adequate discussions on the subject	
	Whether the Committee is able to finish discussion and decision on all agenda items in the meetings	
	Whether adequate and timely inputs are taken from the Committee members prior to setting of the Agenda for the meeting	
	Whether the agenda includes adequate information on Committee's activities.	
b)	Discussions and dissent:	
	Whether the Committee discusses every issue comprehensively and depending on the importance of the subject	
	Whether the environment of the meeting induces free-flowing discussions, healthy debate and contribution by everyone without any fear or favour	
	Whether the discussions generally add value to the decision making	
	Whether the Committee tends towards groupthink and whether critical and dissenting suggestions are welcomed	
	Whether all members actively participate in the discussions	
	Whether overall, the Committee functions constructively as a	

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	team	
c)	<i>Recording of minutes:</i>	
	Whether the minutes are being recorded properly- clearly, completely, accurately and consistently.	
	Whether the minutes are approved properly in accordance with set procedures.	
	Whether the minutes are timely circulated to all the members	
	Whether dissenting views are recorded in the minutes	
d)	<i>Dissemination of information:</i>	
	Whether all the information pertaining to the meeting are disseminated to the members timely, frequently, accurately, regularly	
	Whether Members are adequately informed of material matters in between meetings	
4)	<i>Independence of the Committee from the Board:</i> Whether adequate independence of the Committee is ensured from the Board	
5)	<i>Contribution to decisions of the Board:</i> Whether the Committee's recommendations contribute effectively to decisions of the Board.	

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Sl. No.	Target	Remarks
1	Achievement of EBIDTA	
2	Compliance of applicable laws / statutory obligations in the functioning of the Company	
3	Brand Equity	
4	New initiative / expansion / innovation	
5	Customer satisfaction	
6	Investor relations	
7	Talent retention	
8	Awards & Recognitions of Company	
9	Awards & Recognitions of Executive Directors	
10	Brief Profile	

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Schedule B
HSIL Limited ("the Company")

Nomination and Remuneration Committee Terms of reference

- A. The Board of Directors vide its resolution passed by circulation dated 31st May, 2020 reconstituted the remuneration committee comprising of three independent directors viz. Mr. Nand Gopal Khaitan as Chairman, Mr. Vijay Kumar Bhandari and Mr. Rakesh Sarin as members and one non-executive director i.e. Mrs. Sumita Somany as member; for the purpose of reviewing and recommending the remuneration payable to the directors of the Company.
- B. Pursuant to the provisions of the Companies Act, 2013 ("**Companies Act**") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**Listing Regulations**), as amended from time to time, the Board of the Company decided to constitute the 'Nomination and Remuneration Committee' ("**the Committee**") in substitution and replacement of the erstwhile remuneration committee which shall have the following terms of reference.

1. **DEFINITIONS**

"**Board**" or "**Board of Directors**" shall mean the board of directors of the Company as constituted from time to time.

"**Company**" shall mean HSIL Limited.

"**Committee**" shall mean the Nomination and Remuneration Committee of the Company.

"**Directors**" shall mean all the directors of the Company.

"**Key Managerial Personnel**" shall mean (i) chief executive officer or the managing director or the manager; (ii) company secretary; (iii) whole-time director; (iv) chief financial officer; and (v) such other officer as may be prescribed in the Companies Act.

"**Senior Management**" shall mean the following personnel constituting the core management team for the Company:

- (a) For the Building Products Division- the Presidents in the division, chief human resource officer and chief financial officer;
- (b) For Packaging Products Division- the President of the division, and respective heads of Garden Polymers, AGI glaspac and AGI closures businesses;
- (c) Apart from the above, Presidents of other divisions reporting to the Board/ Executive Board.
- (d) All members of Management one level below 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.

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Other terms used and not defined herein, shall have the same meaning as assigned to these in the Companies Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

2. CONSTITUTION OF THE COMMITTEE

- (a) The Committee shall at all times comprise of [three] non-executive directors, of which at least [two] shall be independent directors.
- (b) As on the date of its constitution, the Committee shall comprise of the following members:
 - (i) Mr. Nand Gopal Khaitan as Chairman
 - (ii) Mr. Vijay Kumar Bhandari as member
 - (iii) Mr. Rakesh Sarin as member
 - (iv) Mrs. Sumita Somany as member
- (c) The Board shall have the power to reconstitute the Committee or replace any member of the Committee at any time, subject to the provisions of the Companies Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).
- (d) The Chairman of the Committee shall be an Independent Director. As of the date of constitution of the Committee, Mr. Nand Gopal Khaitan will be the Chairman of the Committee.
- (e) The Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.

3. TERMS OF REFERENCE

3.1 The terms of reference for the Committee shall be as follows:

- (a) formulating criteria for determining qualifications, positive attributes and independence of Directors;
- (b) identifying and recommending individuals who are qualified to become Directors, and who may be appointed as Senior Management in accordance with the criteria laid down;
- (c) assisting the management of the Company in formulating and periodically reviewing the familiarization programs for independent directors, as may be required;
- (d) formulating criteria for evaluation of Independent Directors and the Board;

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- (e) specifying the manner for effective evaluation of performance of Board, its Committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
- (f) recommending to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and Senior Management, and while formulating such policy ensuring that (i) 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; (ii) the relationship of remuneration to performance is clear and meets the appropriate performance benchmarks; and (iii) remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between the fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;
- (g) preparing a policy on diversity of the Board;
- (h) recommending to the Board the re-appointment and removal of any individuals holding the office of a Director, Key Managerial Personnel or Senior Management, subject to the provision of the law and their service contract;
- (i) determining whether the relevant Director has the requisite qualifications for practice of a profession in terms of section 197 of the Companies Act in relation to payment of remuneration for services rendered by such Director;
- (j) undertaking such other functions as may be determined by the Board or required under the provisions of the Companies Act or the Listing Regulations;
- (k) undertaking such other actions as may be necessary or appropriate for performance of the aforementioned functions; and
- (l) recommending to the board, all remuneration, in whatever form, payable to Senior Management

3.2 The Committee as a whole shall act as an advisor to the Board and shall act in consultation with the management while performing its functions. The Committee may hold meeting with the members of the Board, Key Managerial Persons and Senior Management in order to ensure that its policies and decisions are aligned with the objectives of the Company.

4. **GUIDING PRINCIPLES**

In performing its functions, the Committee shall be guided by the following principles:

- (a) the Committee shall take into account all factors it deems relevant and give due

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regard to the interests of shareholders and the financial and commercial health of the Company;

- (b) the Committee shall ensure that its policies are merit based and devised to motivate and promote efficiency; and
- (c) its recommendations are aligned to the best industry practices and aimed at attracting, motivating and retaining talented individuals.

5. MEETINGS OF THE COMMITTEE

- (a) The meetings of the Committee shall be held at least once in a year and at such intervals as may be determined by the members of the Committee or as may be required by the Board.
- (b) The quorum for a meeting of the nomination and remuneration committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance
- (c) Subject to the provisions of the Companies Act, the Committee may hold meetings through video conferencing or by other audio visual means or pass resolution by circulation.
- (d) A member of the Committee shall not be present in the meeting, when his or her own remuneration, removal or re-appointment is discussed at the meeting or when his or her performance is being evaluated.
- (e) The Committee may invite such executives or consultants, as it considers appropriate, to participate in the meetings of the Committee and to assist the Committee on matters considered by the Committee.
- (f) Matters arising for determination of the Committee shall be decided by a majority of votes of the members present and voting and any such decision shall for all purposes be deemed a decision of the Committee. The Chairman of the meeting shall not have a casting vote.

6. MINUTES OF COMMITTEE MEETING

The minutes of all meetings of the Committee shall be maintained and signed by the Chairman of the Committee at the same or subsequent meeting of the Committee. Minutes of the Committee meetings will also be tabled at the subsequent Board meeting.

7. TENURE OF THE COMMITTEE



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The Committee shall be constituted from the date of this resolution and shall continue to operate unless terminated by the Board.

8. SECRETARY

The company secretary of the Company shall act as the secretary to the Committee.

9. OTHER TERMS

- (a) The Chairman of the Committee or his nominee shall be present at the annual general meeting of the Company to answer the shareholders' queries.
- (b) Composition of the Committee and its meetings shall be disclosed in the annual report of the Company.
- (c) Nomination and Remuneration Policy shall be placed on the website of the Company, and the salient features of the policy and changes therein, if any, along with the web address of the policy, if any, shall be disclosed in the Board report of the Company.

As approved by the Board of Directors in their meeting held on 10th June, 2020.

Sd/-

(Dr. Rajendra Kumar Somany)
Chairman and Managing Director