

Policy for selection of directors and determining Directors' independence

1. Introduction

Hitco Tools Limited believe that an enlightened Board consciously create a culture of Leadership to provide a long term vision and policy approach to improve the quality of governance. Towards this, Hitco Tools limited ensure constitution of a board of directors with an appropriate composition, size, diversified expertise and experience and commitment to discharge their responsibility and duties effectively.

Hitco Tools Limited recognize the importance of independent Directors in achieving the effectiveness of the Board. Hitco Tools limited aims to have an optimum combination of the Executive, Non-Executive and independent Directors.

2. Scope and exclusion:

This policy sets out the guiding principles for the Human Resource, Nomination and Remuneration Committee for identifying person who are qualified to become Director and to determine the independence of Directors, in case of their appointment as Independent director of the company.

3. Terms and References:

In this policy, the following terms shall have the following meanings:

"Director" means a director appointed to the board of a company.

"Human Resources Nomination and Remuneration Committee" mean the Committee constituted by Hitco Tools Limited Board in accordance with provision Of section 178 of the companies Act,2013 and the Clause 49(II)(B)of the Equity Listing Agreement.

"Independent Director" mean a director referred to in sub section (6) of section 149 of the companies Act,2013 and Clause 49(II)(B) of the Equity Listing Agreement.

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Qualification and Criteria

The Human Resources, Nomination and Remuneration (HRNR) committee, and the Board, shall review on an annual basis. appropriate skills, knowledge and experience required of the board, as whole and individual members. The objective is to have a board with diverse background and experience that are relevant for the company's global operations.



In evaluating the suitability of individual board members, the HRNR committee may take into account factors, such as:

- General understanding of the company's business dynamics, global business and social perspective;
- Education and professional background
- Willing to devote sufficient time and energy in carrying out their duties and responsibilities effectively.
- Standing in the profession.
- Personal and professional ethics, integrity and values.

The proposed appointee shall also fulfill the following requirements:

- Shall possess a Director Identification Number;
- Shall not be disqualified under the companies Act, 2013;
- Shall give his written consent to act a director;
- Shall Endeavour to attend all Board Meeting and wherever is he is appointed as a committee member, the committee meetings;
- Shall abide by the code of conduct establish by the company for directors, and senior Management personnel;
- Shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association including his sharcholding at the first meeting of the board in every financial year and thereafter whenever there is a change in the disclosure already made;
- Such other requirement as may be prescribed, from time to time, under the companies Act, 2013, equity listing agreement and other relevant law.

The HRNR committee shall evaluate each individual with the objective of having a group that best enables the success of the company's business.

Criteria of independence

The HRNR committee shall assess the independence of Director at the time of appointment / re-appointment and the Board shall assess the same annually. The Board shall re-assess determination of independence when any new interest or relationship is disclosed by a director.

The criteria of independence, as laid down in companies Act, 2013 and clause 49 of the equity listing Agreement, is as below:

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director-

- Who, in the opinion of the board, is a person of integrity and possesses relevant expertise and experience;
- 1. Who is or was not a promoters of the company or its holding, subsidiary or associated company;



- 2 who is not related to promoter or director in the company, its holding, subsidiary or associated company;
- Who has or had no pecuniary relationship with the company, its holding, subsidiary or associated company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
 - None of whose relative has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associated company, or their promoter or directors, amounting to two percent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever preceding financial years or during the current financial year;
 - Who, 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 associated company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - ii. Is or has been an employee or proprietor or a partner, in any of the three financial year immediately preceding the financial year in which he is proposed to be appointed, of-
 - a. A firm of auditors or company secretary in practice or cost auditor of the company or its holding, subsidiary or associated company; or
 - b. Any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associated company amounting to ten percent or more of the gross turnover of such firm;
- III. Holds together with his relative two percent or more of the total voting power of the Company; or
- VI. Is a chief executive or director, by whatever name called, of any non-profit Organization that receive twenty-five percent or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associated 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
- Shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations, corporate social responsibility or other disciplines related to the company's business.
 - Shall possess such other qualifications as may be prescribed, from time to time, under the companies Act, 2013.
 - Who is not less than 21 year of age.



The independent Directors shall abide by the “code for independent Director” as specified in Schedule IV to the companies Act, 2013.

Other Directorship/committee memberships

- The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, member should voluntarily limit their directorships in other listed public company in such a way that it does not interfere with their role as directors of the company. The HRNR committee shall take into account the nature of, and the time involved in a director’s service on other Boards, in evaluating the suitability of individual Director and making its recommendation to the board.
- A director shall not serve as director in more than 20 companies of which not more than 10 shall be public limited companies.
- A director shall not serve as an independent Director in more than 7 listed companies and not more than 3 listed companies in case he is serving as a Whole –time Director in any listed company.
- A Director shall not be a member in more 10 committees or act as Chairman of more than 5 committee across all companies in which he holds directorships.

For the purpose of considering the limit of the committees, Audit committee and stakeholders’ relationship committee of all public limited company, whether listed or not, shall be include and all other companies including private limited companies, foreign companies and companies under section 8 of the companies Act, 2013 shall be excluded.

Remuneration Policy for Directors, Key managerial personnel and other employees

1. Introduction

- Hittco Tools Limited recognizes the importance of aligning the business the business objective with specified and measureable individual objective and targets. The company has therefore formulated the remuneration policy for its directors, key managerial personnel and other employees keeping in view the following objective:
 - I. Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate, to run the company successfully
 - II. Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.
 - III. Ensuring that remuneration involve a balance between fixed and incentive pay reflecting short and long term performance objective appropriate to the working of company and its goals.

2. Scope and exclusion:



This policy sets out the guiding principal for the Human recourse, Nomination and Remuneration committee for recommending to the board the remuneration of the directors, Key managerial personnel and other employees of the company.

3. Policy:

3.1 Remuneration to Executive Directors and Key Managerial Personnel

- The Board, on the recommendation of Human Resources, Nomination and Remuneration (HRNR) committee shall review and approve the remuneration payable to Executive Director of the company within the overall limit.
- The Board, on the recommendation of the HRNR committee, shall also review and approve the remuneration payable to the key managerial Personnel of the company.
- The remuneration structure to the executive Director and Key Managerial Personnel shall include the following components:

- i. Basic pay
- ii. Perquisites and Allowances
- iii. Stock options
- iv. Commission(Applicable in case of Executive Directors)
- v. Retrial benefits
- vi. Annual Performance Bonus

4. The Annual Plan and objective for Executive Director and Senior Executive (Executive committee) shall be reviewed by the HRNR Committee and Annual Performance Bonus will be approved by the committee based on the achievement against the annual plan and objective.

5. Remuneration to Non-executive Directors

1. The Board, on the recommendation of the HRNR committee, shall review and approve the remuneration payable to the Non-Executive Director of the company within the overall limits approved by the shareholders.

2. Non-Executive Directors shall be entitled to sitting fees for attending the meeting of the board and committee thereof. The Non- Executive director shall be entitled to profit related commission in addition to the sitting fees.

6. Remuneration to other employees

Employees shall be assigned grades according to their qualification and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

