

**HOV SERVICES LIMITED**  
**Policy for selection and appointment of directors and key managerial personnel**  
**and their remuneration**

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**POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION**

The Nomination and Remuneration Committee (“N&R”) has adopted a policy which, inter alia, deals with the manner of selection of director and senior management and their remuneration.

- i) Identify persons who are qualified and have experience to become directors and who may be appointed as senior management personnel.
- ii) In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the independent nature of a director vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
- iii) The N&R Committee shall ensure that the candidate identified for appointment as a director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- iv) The N&R Committee shall consider the following attributes/ criteria, whilst recommending to the Board the candidature for appointment as director:-
  - a. Qualification, expertise and experience of the directors in their respective fields;
  - b. Personal, Professional or business standing; and
  - c. Diversity of the Board structure.
- v) In case of re-appointment of any directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

**Remuneration-**

- i. The non-executive directors shall be entitled to receive remuneration by way of sitting fees as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and entitle to get reimbursement of expenses for attending and participation in the Board / Committee meetings.
- ii. A non-executive director will be entitled to receive commission as may be approved by the Board on the recommendation of the N&R Committee subject to compliance of the Companies Act, 2013.
- iii. The independent directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company.
- iv. The executive directors at the time of appointment and re-appointment shall be paid such remuneration within the overall limits prescribed under the Companies Act, 2013.
- v. In determining the remuneration of the key managerial personnel the N&R Committee shall ensure/ consider the following:
  - a. the relationship of remuneration and performance benchmark is clear;
  - b. the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
  - c. the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
  - a. the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company’s performance vis-à-vis the annual budget achievement, industry benchmark and current compensation trends in the market.