

**RIGHT TO INFORMATION ACT, 2005****VIII. STATEMENT OF THE BOARD, COMMITTEES AND OTHER BODIES CONSISTING OF TWO OR MORE PERSONS CONSTITUTED AS HAL'S PART OR FOR THE PURPOSE OF ITS ADVICE, AND AS TO WHETHER MEETINGS OF THOSE BOARDS, COUNCILS, COMMITTEES AND OTHER BODIES ARE OPEN TO THE PUBLIC, OR THE MINUTES OF SUCH MEETINGS ARE ACCESSIBLE FOR PUBLIC.**

1. Meetings of Board, Committees and other Bodies are not open to the Public, or the minutes of such meetings are not made accessible for public as the nature of business of HAL is that of a Strategic Defence Establishment.
2. The Company is managed on sound professional and ethical lines for the optimal benefit of all the stakeholders' viz. shareholders, employees, customers and the community at large. Besides complying with the statutory requirements of the principles of Corporate Governance i.e. constitution of Board and Audit Committee, disclosure under Companies Act, compliance of Accounting Standards etc., the Company has set its own guidelines for good governance. These Guidelines include:
  - Ethical standards to be followed in order to provide goods and services of highest standard in a complaint free environment. The Citizen Charter of the Company contains ethical standards to be followed. Integrity, Credibility, Quality (ICQ) are the three values being practiced across the Organisation to provide a value frame work.
  - Explicit rules, regulations and procedures have been laid down in various areas in order to observe transparency in decision making. These rules are updated from time to time. With increased use of IT (ERP under implementation), the levels of transparency has further gone up.
  - Accountability follows from transparency. Performance parameters/ levels are laid down, i.e. Company level, Complex level, division level and further broken down to the level of officers. Performance is reviewed at appropriate levels in the Ministry of Defence, Board of Directors, Sub-Committees of Board, Chairman and Committee of Full Time Directors. Besides, achievement of targets is one of important criterion for evaluation of performance of an executive.
  - The Board and its sub-Committees viz. Audit Committee, Nomination and Remuneration Committee CSR & SD Committee, Shareholders/Investors Grievance Committee, IPO Committee,

Management Committee, Procurement Sub-Committee, Technology and Design Policy Committee, HR Committee and Business Strategy Sub-Committee meet periodically to discuss and approve various proposals and to review and monitor the performance of the Company in various areas. The Committees provide guidance and directions for sustained growth, diversification and firming up future plans of the Company.

### 3. **Board Meeting**

- 3.1 The Company has devised an effective control mechanism at Board level to monitor the performance of effective management. Information on the performance in a structured format is regularly put up to the Board of Directors for evaluation.

## 4. **COMMITTEES OF THE BOARD**

The Board of Directors has constituted the following sub-committees with specific terms of reference. The proceedings of the meetings of the Committees are reported to the Board of Directors.

### A. **Audit Committee**

- A.1. In terms of Section-292A of the Companies Act, 1956, the Board at its 251st meeting held on 30th August 2001, had approved the formation of an Audit Committee. The Committee consists of five Part Time non-Official Directors and one Part Time Official Director. Company Secretary is the Secretary of the Committee. The terms of reference of the Committee are as defined in the Companies Act, 2013 and DPE Guidelines.

### B. **Nomination and Remuneration Committee**

- B.1 The Nomination & Remuneration Committee consists of four Part Time non-Official Directors and two Part Time Official Directors. One of the Part Time non-Official Directors is the Chairman of the Committee. General Manager/Executive Director (HR) Corporate Office is the Secretary of the Committee.
- B.2 The Nomination & Remuneration Committee is constituted in accordance with the provisions contained in DPE OMs dated 26.11.08 and 14.5.10. Relevant provisions from OM dated 14.5.10 are reproduced below:
- Each CPSE shall constitute a Remuneration Committee comprising of atleast three Directors, all of whom shall be Part-Time Directors (i.e. Nominee Directors or Independent Directors). The Committee should be headed by an Independent Director. CPSE will not be eligible for Performance Related Pay unless the Independent Directors are on its Board. The Remuneration Committee will decide the Annual Bonus/Variable Pay (Performance Related Pay) pool and policy for its distribution across the Executives, within the prescribed limits.

## **C. CSR and SD Committee**

C.1 The Corporate Social Responsibility and Sustainable Development Committee is headed by a Part Time non-Official Director. Three full time Directors are its Members and General Manager/Executive Director (HR) Corporate Office is the Secretary to the Committee.

C.2 The Terms of Reference of the CSR Committee are the following:

- Apportionment of Company wide CSR Plans / Targets agreed in the MOU with Ministry, to the Complexes / Divisions;
- Appraisal of Division-specific CSR Projects/Activities at the beginning of the year and on Quarterly basis;
- Review of Quarterly progress Report from Divisions;
- The Committee would, after analyzing the progress made by the Divisions, place the matter before the Board for appreciation and review during the Board Meetings in October and April every year.

## **D. Shareholders/ Investors Grievance Committee**

Shareholders/ Investors Grievance Committee was constituted in February, 2014. It is headed by a Part Time non-Official Directors and Director (HR) and Director (Finance) are its members. Company Secretary is the Secretary of the Committee.

## **E. IPO Committee**

An IPO Committee was formed in December, 2011 for the purpose of considering Disinvestment proposals. The Committee consist of three full time directors

## **F. Management Committee**

A Management Committee comprising of Chairman and Managing Director, Full Time Directors and Chief Executive Officers has been constituted. Company Secretary is the Secretary of the Committee. The Management Committee members meet periodically to discuss important policies and matters bearing on the Company operations. The proceedings of the meeting of the Management Committee are reported to the Board of Directors at their next meeting.

## **G. Procurement Sub-Committee**

G.1 Regarding delegation of powers in respect of procurement of items, the Board at its 255th meeting held on 4th May 2002, had constituted the Procurement Sub-Committee of the Board to consider and approve procurement and

placement of orders for purchase of raw materials, plant & machinery, tools, spares, services and also for approval of works for the value as mentioned in the Delegation of Powers approved by the Board from time to time. The Committee is headed by Chairman and Managing Director with two Full Time Directors and one Part Time Official Director as members. Company Secretary is the Secretary of the Committee.

- G.2 The minutes of the meeting of Procurement Sub-Committee along with a brief note on the proposals approved are placed before the Board for information.

## **H Technology and Design Policy Committee**

Another Committee which was constituted by the Board is the Technology and Design Policy Committee headed by the Chairman and Managing Director and all Full Time Directors as its members. General Manager (ARDC) is the Secretary of the Company. The Committee provides direction and monitors the Design and Development activities in the Company. The proceedings of the meeting of the Technology and Design Policy Committee are reported to the Board of Directors at their next meeting.

## **I. HR Committee**

- I.1 HR Committee of the Board is constituted consisting of two Part Time non-Official and two Full Time Directors. One of the Part Time non-Official Directors is the Chairman of the Committee. General Manager/Executive Director (HR), Corporate Office is the Secretary of the Committee.

- I.2 The terms of reference of the HR Committee are the following:

Provide broad directions, guidance & advice to the Company in laying down Policy Guidelines and evolving HR strategies in:

- Aligning HR with the business and actively involve business in implementation of HR strategies;
- Compensation & Benefit Structure;
- Integrating the Performance Management System and competence based HR interventions; compensation differentials based on performance;
- Reward Management and productivity-linked performance measures;
- Oversee value orientation to Management;
- Talent Acquisition, Development & Retention Strategies, including Career Management;
- Organisation Structure & Developmental Strategies.

**J. Business Strategy Sub-Committee**

Business Strategy Sub-Committee is formed in June 2014 to analyze the business scenario and guide the Board of Directors in devising strategy and diversifying the business to sustain growth. It consist of five Part Time Non-Official Directors and three Full Time Directors. It is headed by one of the Part Time Non-Official Directors.