

NOMINATION AND REMUNERATION POLICY

This Nomination and Remuneration Policy (the “Policy”) has been formulated by Tega Industries Limited (the “Company”) in compliance with Section 178 of the Companies Act, 2013, read with applicable rules made thereunder and in compliance with Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) when so applicable.

Accordingly, the board of directors of the Company (“Board”) adopted the Policy at its meeting held on August 03, 2021 which was last reviewed on April 12, 2023.

1. Objectives

The objective of this Policy is to serve as a guiding charter to appoint qualified persons as directors on the board of directors of the Company (“Directors”), key managerial personnel (“KMP”), senior management personnel (“SMP”) and in a senior management position, to recommend the remuneration to be paid to them and to evaluate their performance. This Policy provides a framework for:

- a. To formulate the criteria for determining qualifications, positive attributes, and independence of a director
- b. To formulate the criteria for evaluation of the performance of independent directors and the board of directors
- c. To guide the board of directors (“the Board”) in relation to the appointment and removal of the directors, Key Managerial Personnel, and Senior Management.
- d. To evaluate the performance of the members of the Board and provide a necessary report to the Board for further evaluation of the Board.
- e. To specify the manner for effective evaluation of the performance of the Board, its committees, and individual directors to be carried out either by the Board, by the NRC Committee, or by an independent external agency.
- f. To recommend to the Board on remuneration payable to the directors, Key Managerial Personnel, and Senior Management.
- g. To retain and promote talent to ensure long-term sustainability of talented managerial persons and create a competitive advantage
- h. To develop a succession plan for the Board.

Key Managerial Personnel means key managerial personnel as defined under sub-section (51) of section 2 of the Companies Act, 2013 as under:

- chief executive officer or the managing director or the manager;
- whole-time director;
- chief financial officer;
- company secretary;
- Such other officers, designated by the Board as KMP but are not more than one level below the directors in whole-time employment.
- such other officers as may be prescribed.

Senior Management means the officers and personnel of the Company who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer, or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

2. Role of Committee

- The Nomination and Remuneration Committee (“NRC Committee”) shall formulate criteria for determining qualifications, positive attributes and independence of a director to be recommended to the Board.
- Identify persons who are qualified to become directors and persons who may be appointed in Key Managerial Personnel and Senior Management positions in accordance with the criteria laid down in this policy for recommendation to the Board.
- To formulate criteria for evaluation of the performance of independent directors and the board of directors.

- To devise a policy on diversity of the board of directors.
- To consider whether to extend or continue the term of appointment of the independent director on the basis of the report of performance evaluation of independent directors.
- Recommend to the Board, the appointment and removal of the director, Key Managerial Personnel, and Senior Management for Board's recommendation.
- The NRC Committee shall identify and ascertain the integrity, qualification, expertise, and experience of the person for appointment as director, Key Managerial Personnel, or at the Senior Management level and recommend to the Board his/her appointment.
- To recommend to the board, all remuneration, in whatever form, payable to Senior Management.
- The Company shall not appoint or continue the employment of any person as a whole-time director who has attained the age of seventy years, provided however, that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on an explanatory statement indicating the justification for the extension of appointment beyond seventy years.
- The term/tenure of appointment of managing director/ whole-time director shall be subject to the provisions of the Act and rules frames thereunder including any modifications, amendments, enactments, or re-enactments thereof for the time being in force.
- Pursuant to the authority delegated by the Board, the NRC Committee shall also do the role and functions of Compensation Committee under Securities and Exchange Board of India (Share Based Employee benefits and Sweat Equity Regulations) 2021 under the plans and applicable laws

3. Appointment/Nomination of Directors, Key Managerial Personnel & Senior Management

(i) Appointment criteria and Qualification of Directors

The director shall possess appropriate skills, experience, and knowledge in one or more fields of Finance, Business Management, Engineering Skill, marketing, business administration, corporate governance, technical operations or other disciplines related to the Company's business. The director shall fulfill the requirements of the Company's policy on fit and proper criteria for directors and shall be appointed and hold a position in accordance with the Act and articles of association of the Company.

(ii) Tenure of Independent Directors:

An independent director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for the re-appointment subject to the provisions of the Act and rules frames thereunder including any modifications, amendments, enactments, re-enactments thereof for the time being in force.

No independent director shall however hold office for more than two consecutive terms, but such independent director shall be eligible for appointment after the expiry of three years of ceasing to become an independent director. Provided that an independent director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of an independent director, it should be ensured that the number of Boards on which such independent director serves is restricted to the limits prescribed under the Act and Listing Regulations.

(iii) Independence of Directors:

The independent director shall at the first meeting of the Board in which she/he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect her/his status as an independent director, give a declaration that he meets the criteria of independence as provided in sub-section (6) of section 149 of the Act and Regulation 25 of the Listing Regulations.

(iv) Appointment criteria and qualification of Key Managerial Personnel and persons in Senior Management

A person should possess adequate qualifications, expertise and experience for the position he / she is considered for appointment, as per Company's requirements and applicable laws.

4. Evaluation:

The NRC Committee shall carry out an evaluation of the performance of every director, Key Managerial Personnel, and Senior Management at regular intervals.

The directors including independent directors shall be evaluated on the basis of the following criteria i.e. whether they

- a. act objectively and constructively while exercising their duties;
- b. exercise their responsibilities in a bona fide manner in the interest of the Company;
- c. devote sufficient time and attention to their professional obligations for informed and balanced decision-making;
- d. do not abuse their position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- e. refrain from any action that would lead to loss of his independence;
- f. inform the Board immediately when they lose their independence;
- g. assist the Company in implementing the best corporate governance practices;
- h. strive to attend all meetings of the Board of Directors and the committees;
- i. participate constructively and actively in the committees of the Board in which they are members;
- j. strive to attend the Board, committee and general meetings of the Company;
- k. keep themselves well informed about the Company and the external environment in which it operates;
- l. do not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- m. moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest; and
- n. abide by Company's memorandum and articles of association, Company's policies and procedures including code of conduct, insider trading guidelines etc.

5. Removal:

Due to any reasons for any disqualifications mentioned in the Act or under any other applicable laws, rules, and regulations thereunder, the NRC Committee may recommend, to the Board with reasons recorded, the removal of a director, Key Managerial Personnel and Senior Management subject to the provisions and compliance of the said laws, rules, and regulations.

6. Retirement:

The director, Key Managerial Personnel and Senior Management shall retire as per the applicable provisions of the Act and rules framed thereunder and the prevailing policy of the Company. The Board will have the discretion to retain the director, Key Managerial Personnel, and Senior Management in the same position/ remuneration or otherwise even after attaining retirement age, for the benefit of the Company.

7. Remuneration Policy

- The remuneration/compensation etc. to the whole-time director, Key Managerial Personnel, and Senior Management will be determined by the NRC Committee and recommended to the Board for approval, and the NRC Committee shall observe the provisions of the Act regarding slabs/percentage of remuneration, prior approvals of shareholders, Central Government wherever required, and the conditions laid down in the Act.
- Any increments to be recommended to the Board by the NRC Committee for whole-time director/ managing director/ independent directors shall be in accordance with the percentage/slabs laid under the provisions of the Act and rules framed thereunder.
- The NRC Committee may further recommend any increments to the Board for Key Managerial Personnel and Senior Management.
- Where any insurance is taken by the Company on behalf of its Directors, KMPs/ Senior Management Personnel etc. for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel unless otherwise specifically provided under the Act.

- If in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its whole-time director/Managing Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the prior approval of Central Government.
- If any director draws or receives directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without prior sanction of the Central Government where required, he/she shall refund such sums to the Company and until such sum is refunded holds it in trust for the Company.
- **Sitting Fee:** The independent /non-executive director may receive by way of fee for attending meetings of the Board or Committee thereof. Provided that the amount of such fees and such fee shall be decided as per the provisions of the Act and the Listing Regulations. The amount of sitting fees shall be such as may be recommended by the NRC Committee and approved by the Board of Directors.
- **Remuneration:** The independent /non-executive director may be paid within the limits of the Act and rules thereunder. This remuneration amount may be reviewed by the NRC Committee and approved by the Board of Directors at end of the financial year after taking into consideration various factors such as the business/ financial performance of the Company, activities handled /supervised, time spent attending to the affairs and business of the Company, extent of responsibilities shouldered by each independent /non-executive Director and evaluation of performance made by the Board. Section 197 of the Companies Act, 2013 allows a Company to pay remuneration (excluding sitting fees) to its NEDs either by monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other, subject to the prior approval of the shareholders of the Company. The NRC may recommend a Commission of varying values to a non-executive director/ Independent Director and if any director receives a Commission exceeding 50% of the total Commission paid to all non- executive directors together, such higher commission shall be paid with prior approval of the shareholders through a Special Resolution pursuant to Regulation 17(6)(ca) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- The Company may also pay to any Director such fair and reasonable expenditure as may have been incurred by the Director while performing his/her role as a Director of the Company.

8. Membership

The NRC Committee shall be formed as per the provisions of the Act and Listing Regulations, as follows:

- (a) the committee shall comprise of at least three directors;
- (b) all directors of the committee shall be non-executive directors; and
- (c) at least two-third of the directors shall be independent directors.

The chairperson of the NRC Committee shall be an independent director, provided that the chairperson of the Board of Directors, whether executive or non-executive, may be appointed as a member of the NRC Committee and shall not chair such Committee.

Membership of the NRC Committee shall be disclosed in the annual report of the Company.

Term of the NRC Committee shall be continued unless terminated by the Board of Directors.

9. Frequency of the Meetings and Quorum:

The NRC Committee shall meet at least once a year. The quorum for a meeting of the NRC Committee shall be either two members or one-third of the members of the NRC Committee, whichever is greater, including at least one independent director in attendance. Further, the chairperson of the NRC committee may be present at the annual general meeting, to answer the shareholders' queries or nominate some other person to answer shareholders queries; however, it shall be up to the chairperson to decide who shall answer the queries.

10. Interests of Members at the Meeting

A member is not entitled to participate in the discussions or be present at the meeting as may be required by the members, when his/her own remuneration is discussed or when his/her performance is being evaluated.

The NRC Committee may invite such executives as it considers appropriate, to be present at the meetings of the NRC Committee.

Matters arising for determination of the NRC Committee meetings shall be decided by simple majority of votes of members present and voting and any such decision shall for all purposes deemed a decision of the NRC Committee. In case of equality of the votes, the chairman of the meeting will have the casting vote.

11. Minutes

Minutes of all meetings must be signed by the chairman of the NRC Committee at subsequent meeting.

12. Amendments to the Policy

The NRC Committee is entitled to amend this policy including amendment or discontinuation of one or more incentive programmes introduced in accordance with this policy; and any amendment by the NRC Committee shall be recommended to the Board of Directors for its approval.

13. Communication

This policy shall be uploaded on the website of the Company and the details of this policy, including the evaluation criteria, shall be mentioned in the annual report of the Company.

14. Scope and limitation

In the event of any conflict between the provisions of this Policy and the Companies Act, 2013, rules made there under, the SEBI Listing Regulations or any other statutory enactments or rules as maybe applicable, the provisions of Companies Act, 2013, rules made there under, the SEBI Listing Regulations or any other statutory enactments or rules shall prevail over this Policy and the part(s) so repugnant shall be deemed to be severed from the Policy and the rest of the Policy shall remain inforce.
