

PROYUGA ADVANCED TECHNOLOGIES LIMITED

NOMINATION AND REMUNERATION POLICY

Nomination and Remuneration Policy

1.Introduction

The Nomination & Remuneration Policy of Directors, Key Managerial Personnel (KMP) and Senior Management ("Policy") of Proyuga Advanced Technologies limited ("Proyuga" or "Company") is formulated under the requirements of applicable laws, the Companies Act, 2013 ("Act").

The Policy is intended to set out criteria for determining qualifications, positive attributes and independence of a director and to pay equitable remuneration to the Directors, Key Managerial Personnel (KMP), Senior Management and Other Employees of the Company, and to harmonize the aspirations of human resources with the goals of the Company.

2.Objective and Purpose:

The objectives and purpose of this Policy are:

2.1. Appointment of Directors and KMP: Criteria are established for determining qualifications, competencies, positive attributes, and independence for appointment.

2.2. Remuneration:

- a. **Directors, KMP, and Senior Management:** The policy ensures that remuneration is reasonable and sufficient to attract, retain, and motivate Directors, KMP, and Senior Management. It provides a balance between fixed and incentive pay, reflecting short-term and long-term performance objectives aligned with the Company's goals.
- b. **Other Employees:** The policy ensures that remuneration is fair and sufficient to attract, retain, and motivate employees, based on their roles, responsibilities, and market standards.

2.3. Performance Evaluation and Discharge of Duties: The policy specifies the manner for effective evaluation of the performance of the Board, its Committees, individual Directors, and KMP, to ensure that responsibilities are discharged effectively and in alignment with their roles.

2.4. Board Diversity: The policy promotes diversity in the composition of the Board of Directors.

2.5. Other Matters: The policy covers other matters as may be determined by the Company to ensure good governance, accountability, and effective management.

This includes reviewing and approving corporate goals and objectives relevant to the compensation of executive Directors, evaluating their performance against these goals, and, either as a Committee or together with the other independent Directors (as directed by the Board), determining and approving executive Directors' compensation based on this evaluation. The Committee also makes recommendations to the Board regarding the compensation of KMP and Senior Management, including incentive-based remuneration, which is subject to the Board's approval.

3.Definitions

- 3.1 **'Board'** means Board of Directors of the Company.
- 3.2 **'Directors'** means directors of the Company.
- 3.3 **'Committee'** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act.
- 3.4 **'Company'** means Proyuga Advanced Technologies limited.
- 3.5 **'Independent Director'** means a Director referred to in Section 149(6) of the Companies Act,
- 3.6 **key managerial personnel**", in relation to a company, means

- (i) the Chief Executive Officer or the managing director or the manager;
 - (ii) the Company secretary;
 - (iii) the Whole-time director;
 - (iv) the Chief Financial Officer
- 3.7 **‘Senior Management’** refers to the members of the Company’s core management team, other than the Board of Directors. This includes all executives positioned one level below the Chief Executive Officer/Managing Director/Manager/Whole-Time Director. For clarity, the Chief Financial Officer and Company Secretary are not considered part of SMP, whereas the designation extends to all functional heads of the Company.
- 3.8 **‘Other Employees’** refers to all employees of the Company other than the Directors, Key Managerial Personnel, and Senior Management Personnel. This category covers staff at various levels, including managerial, supervisory, and operational employees, who form part of the broader workforce of the Company.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

4. Constitution of the Nomination and Remuneration Committee

- 4.1 The Board has constituted the “Nomination and Remuneration Committee” of the Board.
- 4.2 The composition of the Committee shall be in line with the requirements of Section 178 (1) of the Act.
- 4.3 The Company Secretary of the Company shall act as the Secretary to the Committee.
- 4.4 Composition of the Committee shall be disclosed in the annual report.
- 4.5 The terms of the Committee shall be continuing unless terminated by the Board of Directors.
- 4.6 This Policy and the Nomination and Remuneration Committee charter are integral to the functioning of the Nomination and Remuneration Committee and are to be read together.
- 4.7 The Board has authority to reconstitute this Committee from time to time.

5. Policy

This Policy is divided in three parts: -

Part –A covers the matters to be dealt with and recommended by the Committee to the Board;

Part–B covers the appointment and removal of Directors, KMP and Senior Management; and

Part–C covers remuneration for Directors, KMP, Senior Management and other employees.

Part – A

Matters to be dealt with, pursued and recommended to the Board by the Committee

The following matters shall be dealt with by the Committee: -

1. Size and composition of the Board:

Periodically reviewing the size and composition of the Board to have an appropriate mix of executive and independent Directors to maintain its independence and separate its functions of governance and management and to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company.

2. Directors:

Formulate the criteria determining qualifications, positive attributes and independence of a Director, Board diversity, and recommend candidates to the Board when circumstances warrant the appointment of a new Director, having regard to qualifications, integrity, expertise and experience for the position.

3. Evaluation of performance:

- (i) Make recommendations to the Board on appropriate performance criteria for the Directors.
- (ii) Formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company.
- (iii) Identify ongoing training and education programs for the Board to ensure that non-executive Directors are provided with adequate information regarding the business, the industry and their legal responsibilities and duties.

4. Remuneration framework and policies:

The Committee is responsible for reviewing and making recommendations to the Board on:

- 4.1 Remuneration of executive Directors to be presented for shareholder's approval including severance, if any.
- 4.2 Individual and total remuneration of non-executive Directors and the chairperson (if non- executive), including any additional fees payable for membership of Board committees;
- 4.3 The remuneration and remuneration policies for KMP and Senior Management including base pay, incentive payments, equity awards, retirement rights, severance pay if any and service contracts having regard to the need to:
 - i. Attract and motivate talent to pursue the Company's long term growth;
 - ii. Demonstrate a clear relationship between executive compensation and performance;
 - iii. Be reasonable and fair, having regard to best governance practices and legal requirements and
 - iv. The balance between fixed and incentive pay reflecting short and long-term performance objectives as appropriate for the Company and its goals the Company's incentive compensation and equity based plans including a consideration of performance thresholds and regulatory and market requirements.

PART – B

Policy for appointment and removal of Directors, KMP and Senior Management:

1. Appointment criteria and qualifications

- 1.1 The Committee shall ascertain the integrity, qualification, expertise and experience of the person identified for appointment as Director, KMP or Senior Management and recommend to the Board his/her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
- 1.2 A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise and insights in sectors / areas relevant to the Company, ability to contribute to the Company's growth and complementary skills in relation to the other Board members.

- 1.3 **Age criteria:** For Directors and KMP: Shall be as per the relevant provisions of the Companies Act, 2013, and other applicable laws and regulations; and for Other Employees: Shall be as per the Company's HR Policy.
- 1.4 A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a director in any company, with the permission of the Board of Directors of the Company.
- 1.5 A company may appoint or employ a person as its managing director, if he is the managing director or manager of one, and of not more than one, other company and such appointment or employment is made or approved by a resolution passed at a meeting of the Board with the consent of all the directors present at the meeting.

2. Term /Tenure

2.1. Managing Director / Whole-time Director

The Company shall appoint or re-appoint any person as its Managing Director and CEO or Whole- time Director in accordance with the provisions of applicable law.

2.2. Independent Director

An Independent Director shall hold office in accordance with the provisions of applicable law.

3. Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable act and rules
, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act and rules.

4. Retirement

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Directors, KMP and Senior Management in the same position/remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

Other Employees Shall retire as per the Company's HR Policy. The management may, at its discretion, retain employees beyond the prescribed retirement age in accordance with HR guidelines and business requirements

PART – C

Policy relating to the remuneration for Directors, KMP, Senior Management, and Other Employees

1. General

- 1.1 The remuneration / compensation / commission etc. to be paid to Directors will be determined by the Committee and recommended to the Board for approval.
- 1.2 The remuneration and commission to be paid to the Directors shall be in accordance with the provisions of the Act and the rules made thereunder and approved by the Shareholders.

- 1.3 Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managing Director/ Whole-time Director.
- 1.4 Where any insurance is taken by the Company on behalf of its Directors, KMP and Senior Management 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. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

2. Remuneration to KMP and Senior Management

The pay program for KMP and Senior Management may be designed around three primary pay components: Base/Fixed Pay, Performance Bonus, and Stock Incentives if any (together constituting the “Total Rewards”). The Committee may define the composition and structure of these components from time to time, in line with business requirements and prevailing market practices.

- 2.1 **Base/ Fixed pay:** Guaranteed pay, paid periodically (usually monthly or bi-monthly) or as per the payroll policy applicable.
- 2.2 **Performance Bonus:** Cash bonus, is payable on the achievement of objective and quantifiable key performance indicators (KPI).
- 2.3 **Stock Incentives:** Stock or Equity based incentives can be either time-based or performance-based.

The Total Rewards for KMP and Senior Management are designed to ensure alignment with organizational goals. The Committee ensures that pay is reflective of market practices, consisting of a mix of base/fixed pay, performance bonus, and stock incentives. Emphasis on stock incentives ensures alignment with shareholders’ interests through a continued focus on the Company’s sustainable, long-term performance.

3. Remuneration to other employees

The compensation of other employees shall be as per the Company’s compensation policy and may be revised from time to time through the compensation review process.

4. Minimum remuneration to Whole-time Directors and Managing Director

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Directors and Managing Director in accordance with the provisions of Schedule V of the Act or amount as approved by the shareholders payable as minimum remuneration.

5. Payment to Non-Executive / Independent Directors

- 5.1 **Sitting Fee:** The Company may pay a sitting fee to each Non-Executive and Independent Director for attending meetings of the Board or its Committees, such amount as may be decided by the Board of Directors, which shall not exceed Rs. 1,00,000 per meeting of the Board or Committee. Further, the sitting fee for Independent Directors shall not be less than the sitting fee payable to other Directors.

5.2 Remuneration:

- A. In the event that the Company has no profits or its profits are inadequate in any financial year, the Company shall not pay any remuneration to its Non-Executive Directors, including Independent Directors, other than the sitting fees payable for attending Board and Committee meetings. Any remuneration beyond sitting fees, if applicable, shall be in accordance with the provisions of Schedule V of the Companies Act, 2013.

- B. In case of adequate profits, Non-Executive and Independent Directors may be paid a profit-related commission, within the limits prescribed under Section 197 of the Companies Act, 2013, and subject to approval of the shareholders in a general meeting.
- 5.3 Further, the Company would pay or reimburse to the Non-Executive / Independent Directors such expenditure, as may have been incurred by them while performing their role as an Non-Executive / Independent Directors of the Company. This could include reimbursement of expenditure incurred for accommodation, travel and any out of pocket expenses for attending Board/ Committee meetings, General Meetings, court convened meetings, meetings with shareholders/ creditors/ management, site visits, induction and training (organized by the Company for Directors).

6. Policy review

- 6.1 In case of any subsequent changes in the provisions of the Act or any other regulations which makes any of the provisions in the policy inconsistent with the Act, then the provisions of the Act would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.
- 6.2 This policy shall be reviewed by the Committee as and when any changes are to be incorporated in the policy due to change in Act or as may be felt appropriate by the Committee. Any changes or modification to the policy as recommended by the Committee would be placed before the Board for their approval.