



TECHNO ELECTRIC & ENGINEERING COMPANY LTD

Nomination and Remuneration Policy

This Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement

DEFINITIONS

“Act” means the Companies Act, 2013.

“Board” means Board of Directors of the Company.

‘Directors’ means Directors of the Company.

“Committee” means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act, the rules made thereunder and the listing agreements.

“Company” means “Techno Electric & Engineering Company Ltd”.

“Independent Director” means a Director referred to in Section 149(6) of the Companies Act, 2013 and rules.

“Key Managerial Personnel (KMP)” means-

- i) the Managing Director or the Chief Executive Officer or the manager and in their absence, a Whole-time Director;
- ii) the Company Secretary; and
- iii) the Chief Financial Officer

Senior Management means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the Executive Directors, including the functional heads.

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

COMMITTEE AND ITS OBJECTIVES

Composition

The Committee shall comprise at least three (3) non-executive directors. It is intended that a majority of the Committee be independent directors. The Chairman of the

Committee will be appointed by the Board. In appointing the members, the Board and the Committee will have due regard to the Listing Rules and Corporations Act.

A quorum will comprise any two non-executive director Committee members. In the absence of the Committee chairman or appointed delegate, the members shall elect one of their number as chairman for that meeting. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

The Company Secretary shall be the Secretary of the Committee.

An independent Non-executive Director appointed by the Board will chair the Committee. In the absence of the Chairman of the Committee, or an appointed deputy, the remaining members present will elect one of themselves to chair the meeting. The Chairman of the Board will not Chair meetings of the Committee.

Objective

The Key Objectives of the Committee would be:

- a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- c) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

TERMS OF REFERENCE

The Remuneration Committee (the **Committee**) is a committee of the Board of Directors of the Company (the **Board**), from which it derives its authority and to which it regularly reports.

The principal purpose of the Committee is to:

- i. Determine and recommend to the Board the remuneration policy for the Executive Directors and Executive Committee members of the Company;
- ii. Monitor the level and structure of remuneration of senior management below the Executive Committee; and

- iii. Ensure the levels and structure of remuneration is designed to attract, retain and motivate the Executive Directors, Executive Committee members and Senior Management personnel needed to run the Company.

MEETINGS

The Chairman may convene a meeting of the Committee at any time on reasonable notice to consider any matter falling within the terms of reference. The Committee shall meet as frequently as required. Any Committee member or the Secretary may call a meeting of the Committee.

A notice of each meeting confirming the date, time, venue and agenda shall be forwarded to each member of the Committee (with a copy to all Board Members) at least seven working days prior to the date of the meeting. The notice for members will include relevant supporting papers for the agenda items to be discussed.

The minutes of each meeting will be circulated to all directors and attendees as appropriate, taking into account any conflicts of interest which may exist. Reports will be made to the Board following each meeting of the Committee by the Chairman of that meeting.

REPORTING TO THE BOARD

The Chairman of the Committee or the members designated by the Committee when the Chairman is unavailable, shall in due course submit a summary of the Committee's recommendations, proposals, conclusions and comments to the Board of Directors and its Chairman.

The membership of the Committee and a description of its duties and activities during the year will be disclosed in the Annual Report of the Company. Each year the Committee will prepare a Remuneration Report which will be included in the Annual Report of the Company. The Chairman of the Committee, or any deputed member chosen from its membership, will be available at the Annual General Meeting of the Company to answer questions which relate to the work of the Committee.

APPOINTMENT AND REMOVAL OF DIRECTORS, KMPS AND SENIOR MANAGEMENT

Criteria and Qualifications for Appointment

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at senior management level and recommend to the Board his /her appointment.
2. A person to be appointed as Director, KMP or at senior management level should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
3. 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, complementary skills in relation to the other Board members.

Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013, Rules made thereunder or under any other applicable Act, Rules and Regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director or KMP or any senior management personnel.

Retirement

The Whole-time Directors, KMP and senior management personnel 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 Whole-time Directors, KMP and senior management personnel in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

REMUNERATION OF MANAGERIAL PERSON, KMP & SENIOR MANAGEMENT

Fixed pay

Managerial Person, KMP and Senior Management personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder from time to time. The break-up of the pay scale and

quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee.

Review and approve the Company's policy for determining executive remuneration including, but not limited to, superannuation, pension and compensation payments, and any amendments to that policy proposed from time to time;

Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

Provisions for excess remuneration

If any Managerial Person draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Executive Incentive Plans

- Review and approve the design of all executive incentive plans; and
- Review and approve the total proposed payments from each executive incentive plan.

Remuneration to Non-Executive / Independent Director

1. Remuneration / Commission:

The remuneration / commission shall be determined by the Board in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. The Committee may request management or external consultants to provide necessary information upon which the Board may make its determination.

2. Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

3. Limit of Remuneration /Commission:

Remuneration / Commission may be paid within the monetary limit approved by shareholders.

NOMINATION OF DIRECTORS AND COMMITTEE MEMBERS

The Committee shall oversee the nomination of suitable candidates for the position of Director on the Company's Board and to evaluate any external nominations for a role of Company Director. After a review of the same the Committee will make the necessary recommendations to the Board. The Committee will also make recommendations for Committee membership positions. The Committee is responsible for:

- Assessing the competencies of Board members based upon the evaluation of performance.
- Reviewing and making recommendations to the Board in relation to Board composition, size, diversity, competencies, succession planning, induction programs and development.
- Ensuring that there is a robust and effective process for evaluating the performance of the Board, the committees of the Board and individual Directors.
- Reviewing and making recommendations in relation to Board appointments, re-elections and terminations.
- Recommending ways to assess the effectiveness of Board members based upon the performance evaluation.
- Monitoring progress of succession planning and making recommendations to the Board for approval.
- Reviewing and making amendments to the criteria for performance evaluation for approval by the Board as appropriate.

OTHER MATTERS

The Committee shall perform other duties and activities that it or the Board considers appropriate in the context of these terms of reference. The Committee is responsible for setting the terms of reference for any remuneration consultants who are appointed to advise the Committee.
