HEG GRAPHITE LIMITED
Nomination and Remuneration Policy

On the recommendation of Nomination and Remuneration Committee, approved by the Board of Directors at its meeting held on August 24, 2026

1. OBJECTIVE

The Nomination and Remuneration Committee and this Policy is in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and in accordance of the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015".

The Key Objectives of the Committee would be:

a) to advise the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.

b) to specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee and review its implementation and compliance.

c) to recommend to the Board on Remuneration in whatever form payable to the Directors, Key Managerial Personnel and Senior Management.

2. DEFINITIONS

(a) "Act" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

(b) "Board" means Board of Directors of the Company.

(c) "Key Managerial Personnel" (KMP) means—

(i) Chief Executive Officer or the Managing Director or the Manager;
(ii) Company Secretary,
(iii) Whole-time director;
(iv) Chief Financial Officer;
(v) such other officer not more than one level below the directors who is in whole-time employment, designated as Key Managerial Personnel by the Board; and
(vi) such other officer as may be prescribed.

d) **Senior management** shall mean 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 persons identified and designated as key managerial personnel, other than the board of directors, by the listed entity.

3. ROLE OF COMMITTEE

The role of the Committee inter-alia will be the following:

a) To formulate of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

b) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with the objective to diversify the Board;

c) to recommend to the Board the appointment and removal of Director or KMP or Senior Management Personnel;

d) Formulate the criteria for effective evaluation of performance of Independent Directors, Board, its Committees and Individual Directors to be carried our either by the Board, by the Committee itself or by an independent external agency and review its implementation and compliance;

e) to carry out evaluation of Director's performance;

f) assessing the independence of independent directors;

g) to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;

h) making recommendations to the Board on the remuneration, in whatever form/fee payable to the Directors/ KMPs/Senior Management so appointed/re-appointed;

i) ensure that level and composition of remuneration of Directors, KMP's and Senior Management is reasonable and sufficient. The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

j) the Committee is to assist the Board in ensuring Board nomination process with the diversity of gender, thought, experience, knowledge and perspective in the Board;

k) to develop a succession plan for the Board and Senior Management and to regularly

review the plan;

l) to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

m) such other key issues/matters as may be referred by the Board or as may be necessary in view of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provision of the Companies Act, 2013 & Rules thereunder.

4. MEMBERSHIP

a) The Committee shall consist of a minimum 3 non-executive directors, two third of them being independent.

However, the Chairperson of the Company (whether executive or non-executive) maybe appointed as a member of the Nomination and Remuneration Committee, but shall not chair such Committee.

b) Membership of the Committee shall be disclosed in the Annual Report.

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

5. CHAIRMAN

a) Chairman/Chairperson of the Committee shall be an Independent Director.

b) In the absence of the Chairman/Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.

c) The Chairman of Nomination and Remuneration Committee shall attend the General Meeting or in his absence any member of the Committee authorized by him in this behalf shall attend the General Meeting of the Company to answer the shareholder's queries.

6. QUORUM

Either two (2) members or one third of the members of the Committee whichever is greater, with atleast one independent director in attendance shall constitute a quorum for the Committee meeting.

7. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held atleast once in a year or at such regular intervals as may be required.

8. COMMITTEE MEMBERS' INTERESTS

a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance, is being evaluated.

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

9. SECRETARY

The Company Secretary of the Company shall act as a Secretary of the Committee.

10. VOTING

a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

11. POLICY ON BOARD DIVERSITY

The Nomination and Remuneration Committee shall ensure that Board of Directors have the combination of Directors from different areas /fields or as may be considered appropriate in the best interest of the Company. The Board shall have at atleast one Board member who has accounting/ financial management expertise.

12. NOMINATION DUTIES

The duties of the Committee in relation to nomination matters include:

a) For appointment of any Directors/KMPs/ Senior Management, the Committee shall:

i) assess the appointee against a range of criteria which includes but not limited to qualifications, skills, experience, integrity, background and other qualities required to operate successfully;
ii) the extent to which the appointee is likely to contribute to the overall effectiveness, work constructively and enhance the efficiencies of the Company;

b) Ensuring that there is an appropriate induction & training programme in place for new Directors, Key Managerial Personnel's and members of Senior Management and reviewing its effectiveness;

c) Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Companies Act, 2013;

d) Determining the appropriate size and composition of the Board;

e) Follow a formal and transparent procedure for selecting new Directors for appointment to the Board, Key Managerial Personnel's and Senior Management Personnel;

f) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

i. use the services of an external agencies, if required;
ii. consider candidates from a wide range of backgrounds, having due regard to diversity; and
iii. consider the time commitments of the candidates.

g) Establishing and reviewing Board and senior executive succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management;

h) Evaluating the performance of the Board members in the context of the Company's performance from business and compliance perspective;

i) Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;

j) Delegating any of its powers to one or more of its members or the Secretary of the Committee;

k) Considering any other matters as may be requested by the Board.

13. Term/Tenure

A. Appointment of Managing Director/Whole-time Director

The terms and conditions of appointment and remuneration payable to a Managing Director and Whole-time Director(s) shall be recommended by the Nomination and Remuneration Committee to the Board for its approval which shall be subject to approval by shareholders of the Company as per the applicable provisions of the Companies Act, 2013 and rules made thereunder and in compliance of the Listing Regulation, 2015 as amended tile to time.

B. Independent Director

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 re-appointment for a period upto five years or such other period as may be stipulated on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

C. Removal/Retirement

Due to 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, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations. The Directors, KMP and Senior Management shall retire as may be recommended by the NRC and approved by the Board as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company.

D. Letter of Appointment

Each Independent/KMP/Senior Management, Director is required to sign the duplicate copy of the letter of appointment issued by the Company, which contains the terms and conditions of his/her appointment.

14. REMUNERATION DUTIES

The Committee will recommend the remuneration in whatever form/fee to be paid to the Managing Director, Whole-time Director, other Directors, Key Managerial Personnel and Senior Management Personnel to the Board for their approval.

The level and composition of remuneration/fee so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel and Senior Management of the quality required to run the Company successfully. The relationship of remuneration/fee to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long- term performance objectives appropriate to the working of the Company and its goals.

A. DIRECTOR/MANAGING DIRECTOR

Besides the above Criteria, the Remuneration/ compensation/ commission/fee/incentives to be paid to Director/ Managing Director/Whole Time Director shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

If any director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limit prescribed by this section or without approval of member by way of Special Resolution, where required, he shall refund such sums to the company, within two years or such lesser period as may be allowed by the Company, and until such sum is refunded, hold it in trust for the company.

B. NON EXECUTIVE DIRECTORS INCLUDING INDEPENDENT DIRECTORS

The Non-Executive Directors (including Independent Directors) may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

A Company has profits in a financial year may pay remuneration to its Non-Executive Directors (including Independent Directors) within the limits as specified under Section 197 of the Companies Act, 2013 & rules thereto.

A company has no profits or its profits are inadequate, a Non-Executive Director (Including Independent Director) may receive remuneration, exclusive of any fees payable under sub-section (5) of section 197, in accordance with the provisions of Schedule V.

Except with the approval of the Company in the general meeting by a special resolution the overall Commission to the Non-Executive Directors (including Independent Directors) may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013 & rules thereto.

C. KEY MANAGERIAL PERSONNEL'S/SENIOR MANAGEMENT PERSONNEL ETC

The Remuneration to be paid to Key Managerial Personnel's/ Senior Management Personnel shall be based on the experience, qualification, performance and expertise of the related personnel and governed by the limits, if any prescribed under the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force and/or in accordance with HR Policy of the Company, wherever applicable.

D. DIRECTORS AND OFFICERS' INSURANCE

Where any insurance is taken by the Company on behalf of its Directors, Key Managerial Personnel's/ 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.

15(A). EVALUATION/ ASSESSMENT OF DIRECTORS OF THE COMPANY

The evaluation/assessment of the Directors, of the Company is to be conducted on an annual basis.

The following criteria may assist in determining how effective the performances of the Directors have been:

- Contributing to clearly defined corporate objectives & plans
- Obtain adequate, relevant & timely information from external sources
- Review of strategic and operational plans, objectives and budgets
- Regular monitoring of corporate results against projections
- Identify, monitor & take steps for mitigation of significant corporate risks
- Assess policies, structures & procedures
- Review management's succession plan
- Effective meetings
- Assuring appropriate board size, composition, independence, structure
- Clearly defining roles & monitoring activities of Committee
- Review of ethical conduct.

Additionally, for the evaluation/assessment of the performances of Managing Director(s)/Whole Time Director(s) of the Company, following criteria may also be considered:

- Leadership abilities
- Communication of expectations & concerns clearly with subordinates
- Direct, monitor & evaluate KMPs, senior officials

Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/Non-Independent Directors in a separate meeting of the Independent Directors.

The Executive Director/Non-Independent Directors along with the Independent Directors shall evaluate/assess each of the Independent Directors on the aforesaid parameters which shall also include the following:

(a) Performance of the Directors; and
(b) Fulfillment of the independence criteria as specified in LODR Regulations, 2015, as amended from time to time and their independence from the management.

Only the Director being evaluated shall not participate in the said evaluation discussion.

15(B). Manner for effective evaluation of performance of Board, its Committees and individual directors.

a) The Performance Evaluation of Directors, the Board as a whole, its Committees be carried out on Annual Basis.

b) The Performance Evaluation be carried out in the manner as enumerated in the Nomination and Remuneration Policy of the Company.

c) Nomination and Remuneration Committee should carry out the performance evaluation of all Directors and Key Managerial Personnel.

d) The Board should carry out the Performance Evaluation of Independent Directors, Board as a whole and its Committees and individual Directors.

e) Only the Director being evaluated will not participate in evaluation discussions.

f) Review of implementation and monitoring of the above manner of Performance Evaluation be done as and when required.

16. PERFORMANCE EVALUATION OF KMPs/ SENIOR MANAGEMENT

The performance evaluation of KMPs/ Senior Management is measured with regard to the goals and objectives set for the year and increase in compensation & reward by way of variable bonus is linked to the evaluation of individual's performance. Additionally, industry benchmarks are also used to determine the appropriate level of remuneration, from time to time.

17. DISCLOSURE

The Remuneration policy and the evaluation criteria shall be disclosed in the Board's Report.

18. DEVIATIONS FROM THIS POLICY

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case. However this shall be subject to the approval of Board of Directors on the recommendation of Nomination and Remuneration Committee of the Company.

19. POLICY REVIEW

a. This Policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on the subject as may be notified from time to time.

b. Any such amendment shall automatically have the effect of amending this Policy without the need of any approval by the Nomination and Remuneration Committee and/ or the Board of Directors.

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