

NOMINATION AND REMUNERATION POLICY OF INDO-TECH TRANSFORMERS LIMITED

1. Introduction

This Nomination & Remuneration Policy (“**Policy**”) of Indo-Tech Transformers Limited (“**ITTL**” or “**Company**”) is formulated under the Companies Act, 2013 (“**Act**”) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“**Listing Regulations**”) and other applicable laws (hereinafter referred to as the “**Applicable Laws**”).

2. Objective and Purpose

The objectives and purpose of this Policy are:

- 2.1. To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a director (Whole-time/non-executive/independent) of the Company (“**Director**”);
- 2.2. To recommend candidates for appointment as Directors, KMP and Senior Management;
- 2.3. To establish and review succession plans of the Board of Directors of the Company (“**Board**”), KMP and Senior Management;
- 2.4. To recommend policy relating to appointment and removal of Directors, KMP and Senior Management.
- 2.5. To recommend policy relating to the remuneration of the Directors, KMP and Senior Management
 - To review and approve corporate goals and objectives relevant to the compensation of the whole-time directors, evaluating their performance in light of those goals and objectives and either as a committee or together with the other independent Directors (as directed by the Board),
 - To determine and approve whole-time Directors’ compensation based on this evaluation; making recommendations to the Board with respect to KMP and Senior Management compensation and recommending incentive-compensation and equity-based plans that are subject to approval of the Board.

3. Formulation of Policy

- 3.1. While formulating this Policy, the Committee has considered the factors laid down under Section 178(4) of the Act, which are as under:

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to Directors, KMP and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

4. Definitions

- a. 'Board' means Board of Directors of the Company.
- b. 'Directors' means directors of the Company.
- c. 'Committee' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable Listing Regulations.
- d. 'Company' means Indo-Tech Transformers Limited.
- e. 'Independent Director' means a director referred to in Section 149(6) of the Act and rules thereunder, and Listing Regulations.
- f. Key Managerial Personnel ('KMP') means following people, which includes people identified by the Company under provisions of the Act.
 - i) the Managing Director or Chief Executive Officer or manager
 - ii) Whole-time Director
 - iii) the Company Secretary;
 - iv) the 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) any other person as defined under the Act from time to time
- g. Senior Management means officers/personnel of the Company and includes;
 - i) one level below the Chief Executive Officer, Managing Director and Whole Time Director, as the case may be who are members of the core management and functional heads
 - ii) any other officer as determined by the Committee and the Board from time to time.

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

5. General

This Policy is divided into 2 parts: -

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

Part – B covers the remuneration for Directors, KMP and Senior Management.

Part – C covers compensation policy to other employees

PART – A

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

(a) Appointment criteria and qualifications

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.
2. A person to be appointed as Director, KMP or Senior Management should possess adequate qualification, expertise and experience for the position he/she is considered for.
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 and complementary skills in relation to the other Board members.
4. For every appointment of an independent director, the 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 for such role shall meet the description.
5. The Company shall appoint or continue the employment of a person as managing director /whole- time director and non-executive Director who has not attained the maximum age of retirement as prescribed under Applicable Laws.
6. 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.

7. The Company shall not appoint any resigning Independent Director, as whole-time director, unless a period of one year has elapsed from the date of resignation as an Independent Director

8. The term/tenure of the Directors, KMP and Senior Management/ other employees shall be in accordance with the Applicable Laws and their respective contracts/ terms of appointment (and shareholders and/or government approvals, where relevant).

(b) Removal

Due to reasons for any disqualification mentioned in the Applicable Laws, 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 Applicable Laws.

(c) Retirement

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the Applicable Law and relevant policies 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, subject to approvals as required under the Applicable Laws.

PART – B

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

(a) General

1. The remuneration / compensation / commission etc. to be paid to Directors will be determined by the Committee and recommended to the Board for approval, in accordance with the requirements under the Applicable Laws.

2. 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.

3. 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.

(b) Remuneration to KMP and Senior Management

The pay program for KMP and Senior Management has been designed around 2 primary pay components: Base/Fixed Pay and Performance Bonus. These three components together constitute the “Total Rewards” of the KMP and Senior Management.

1. Base/ Fixed pay: It is guaranteed pay and paid periodically, usually monthly as per payroll policy by country/ region.

2. Performance Bonus: Cash bonus, payable on the achievement of objective and quantifiable key performance indicators (KPI) as established by the Committee.

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

(c) Minimum remuneration to Directors in the event of inadequate / no profits

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Directors including any managing or whole-time director or manager, or any other non-executive director, including an independent director in accordance with the provisions of Schedule V of the Act.

(d) Remuneration to the Directors

The remuneration payable to each Director is based on the remuneration structure as determined by the Board, and is revised from time to time, depending on individual contribution, the Company’s performance, and the provisions of Applicable Laws.

i. Stock incentive: The Independent Directors shall not be entitled to any stock incentive of the Company.

ii. The remuneration 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 Act.

PART – C

Remuneration to other employees

The compensation for other employees would be as per the compensation policy of the Company, as revised through the annual compensation review process from time to time and approved by the Chief Executive Officer/ Whole Time Director, in consultation with the Head- HR.