
INFRONICS SYSTEMS LIMITED

Nomination & Remuneration Policy

Preface:

Infronics Systems Limited (the “Company”), in order to attract motivated and retained manpower in competitive market, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the SEBI (Listing Regulations and Disclosure Requirements) Regulation, 2015 (hereinafter referred to as "Listing Regulations") as amended from time to time, this policy on nomination and remuneration of Directors, Key Managerial Personnel, Senior Management and Other Employees has been formulated and recommended by the Nomination and Remuneration Committee and approved by the Board of Directors (the “Board”) of the Company.

Objective:

The Key Objectives of the Nomination and Remuneration Policy would be:

- To recommend and guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management;
- To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director of the Company recommend to the Board a policy, relating to the Remuneration for the Directors, Key Managerial Personnel, Senior Management and Other Employees; ;
- To ensure that 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;
- To ensure relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- To ensure that the remuneration to Directors, key managerial personnel 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;
- To evaluate the performance of the members of the Board and provide necessary reports to the Board for further evaluation of the Board.

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) **“Committee”** means the Nomination and Remuneration Committee of the Company as constituted or re-constituted by the Board.
- d) **“Company”** means Infronics Systems Limited.
- e) **“Directors”** means directors of the Company.
- f) **“Other Other Employee(s)”** means any individual engaged in the permanent or temporary employment of the Company.
- g) **“Independent Director”** means a Director referred to in Section 149(6) of the Companies Act,

2013 and/or as defined under Regulation 16 (b) of the Listing Regulation.

- h) **“Key Managerial Personnel”** means:
- i. Chief Executive Officer and/or Managing Director/Manager ;
 - ii. Whole-Time Director;
 - iii. Chief Financial Officer;
 - iv. Company Secretary;
 - v. Such other Officers may be prescribed under the applicable statutory provisions / regulations.
- i) **“Senior Management”** means personnel of the company who are members of its core management team excluding the Board comprising all members of management one level below the Chief Executive Officer/Managing Director/Manager/Whole-Time Director. It shall exclude the Chief Financial Officer and Company Secretary but includes all functional heads.

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

Guiding Principles:

- A. The level and composition of remuneration and the other terms of employment is reasonable and sufficient to attract, retain and motivate Directors/ Key Managerial Personnel (“KMP”)/ Senior Management of the Company and shall be designed to remain competitive so as to ensure the Company’s ability to attract and retain individuals with the required qualifications and expertise;
- B. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- C. Remuneration to Directors, Key Managerial Personnel and Senior Management reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
- D. Aligning Board Remuneration with the longer term interests of the Company and its shareholders.

The Committee considers that a successful remuneration policy must promote alignment of interests with stakeholders and, where appropriate, provide for linking a portion of the remuneration package to the achievement of corporate performance targets.

Coverage:

- A. **Policy on Appointment and Removal of Director, KMP and Senior Management:**

1) 1.1 Appointment criteria and qualifications of Director and KMP:

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director and KMP and recommend to the Board his / her appointee.
- b) A person 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 is sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-Time Director who has attained the age of seventy years.

Provided 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 the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

Provided further that where no such special resolution is passed but votes cast in favor of the motion exceed the votes, if any, cast against the motion and the Central Government is satisfied, on an application made by the Board, that such appointment is most beneficial to the company, the appointment of the person who has attained the age of seventy years may be made.

- d) The Committee shall also assist the Board in ensuring that the Board nomination process is in line with the diversity policy of the Board.

1.2 Appointment criteria and qualifications of Senior Management:

The appointment of the Senior Management Personnel shall be recommended by the Committee, in line with its responsibility to ensure that individuals appointed to senior positions possess the requisite expertise, integrity, and leadership qualities aligned with the Company's vision, business objectives, and strategic goals.

The Committee shall recommend the selection criteria, terms of appointment, and role specifications of Senior Management Personnel to the Board, while the Human Resources (HR) Department shall facilitate the process of identification, evaluation, and onboarding of the selected candidates in accordance with these recommendations.

The terms of appointment, including designation, reporting structure, tenure, and other conditions of employment, shall be in line with the framework approved by the Committee. Any changes in role or terms of engagement for Senior Management Personnel shall similarly be based on the principles and guidelines recommended by the Committee and executed by the HR Department.

2) Tenure of Employment:

a) Managing Director/ Whole-Time Director/Manager:

The Company shall appoint or re-appoint any person as its Managing Director or Whole-Time Director or Manager for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

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 on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after 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.

c) Key Managerial Personnel:

Key Managerial Personnel shall be appointed for a tenure and terms in compliance with the provisions of Sections 196 and 203 of the Companies Act, 2013, and the applicable rules made thereunder.

d) Senior Management:

The tenure and terms of Senior Management engagement shall be governed by the appointment framework approved by the Committee and shall be administered and implemented by the HR Department.

3) 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 and Senior Management subject to the provisions and compliance of the Applicable Laws.

4) Retirement

The Director, 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.

B. Policy on remuneration of Director, KMP, Senior Management and other Employees:

The remuneration/compensation/commission etc. to the KMP, Director and Senior Management will be determined by the Committee and recommended to the Board for approval or noting, as the case

may be. The remuneration/compensation/commission etc. shall be subject to the prior/post approval of the shareholders of the Company, where required under the Companies Act, 2013.

The remuneration payable to the Directors of the company, shall at all times be determined, in accordance with the provisions of Companies Act, 2013.

Where any insurance is taken by the Company on behalf of its Managing Director/ Whole-Time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees 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.

1) Remuneration to Managing Director/Whole-Time Director/Manager:

Remuneration of Managing Director/Whole-Time Director/Manager shall be recommended by the Committee to the Board for its approval which shall be subject to approval by shareholders at the next general meeting of the Company and by the Central Government in case such appointment is at variance to the conditions specified in Schedule V to the Companies Act, 2013. Approval of the Central Government is not necessary if the appointment is made in accordance with the conditions specified in Schedule V to the Act.

The Managing Director/Whole-Time Director/Manager may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.

The break-up of the pay scale, performance bonus 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 and shall be within the overall remuneration approved by the shareholders and Central Government, wherever required.

While recommending the remuneration payable to a Managing Director/Whole-Time Director/Manager, the Committee shall, inter alia, have regard to the following matters:

- Financial and operating performance of the Company;
- Relationship between remuneration and performance;
- Industry/ sector trends for the remuneration paid to the executive directorate.

Annual Increments to the Managing Director/Whole-Time Director/Manager shall be within the slabs approved by the Shareholders. Increments shall be decided by the Committee at times it desires to do so.

2) Remuneration to Non- Executive / Independent Director:

a) Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs/limits and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder.

b) Sitting Fees:

The Non-Executive / Independent Director may receive remuneration / compensation / commission as per the provisions of Companies Act, 2013. The amount of sitting fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

The Independent Director shall be entitled to reimbursement of expenses for participation in the Board and other meetings.

c) Commission:

Commission 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.

d) Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

3) Remuneration to Directors in other Capacity

The remuneration payable to the directors including managing or Whole-Time Director or Manager shall be inclusive of the remuneration payable for the services rendered by him in any other capacity except the following:

- (a) the services rendered are of a professional nature; and
- (b) in the opinion of the Committee, the director possesses the requisite qualification for the practice of the profession.

4) Remuneration of the Key Managerial Personnel (other than Managing/Whole-Time Director/Manager)

Apart from the Managing Director(s)/ Whole-Time Director(s)/Manager(s), the remuneration of all other KMPs such as the Company Secretary or any other officer that may be prescribed under the statute from time to time shall be determined by the Committee and approved by the Board in compliance with the provision of the Companies Act, 2013

5) Remuneration of the Senior Management

The remuneration of the Senior Management Personnel shall be recommended by the Committee, in line with its responsibility to ensure that the remuneration of Directors, Key Managerial Personnel, and Senior Management balances fixed and incentive pay, reflecting both short- and long-term performance objectives appropriate to the Company's business and strategic goals.

The Committee shall recommend the overall structure, level, and composition of remuneration for Senior Management Personnel to the Board, while the Human Resources (HR) Department shall administer and implement these recommendations.

The breakup of the pay scale and quantum of perquisites, including employer's contribution to provident fund, pension schemes, medical benefits, club memberships, etc., shall be aligned with the remuneration framework approved by the Committee and the Board. Decisions on annual increments for Senior Management Personnel shall similarly be based on the remuneration philosophy and principles recommended by the Committee, and administered by the HR Department.

6) Remuneration of other Employees

Apart from the Directors, KMPs and Senior Management, the remuneration for the rest of the employees is determined on the basis of the role and position of the individual employee, including

professional experience, responsibility, job complexity and local market conditions.

The Company considers it essential to incentivize the workforce to ensure adequate and reasonable compensation to the staff. The Human Resources Department shall ensure that the level of remuneration motivates and rewards high performers who perform according to set expectations for the individual in question.

The various remuneration components, including basic salary, allowances, and perquisites, shall be structured to ensure an appropriate and balanced remuneration package. Annual increments in remuneration shall be determined based on performance appraisals conducted by the respective Head(s) of Department, as applicable. Decisions on annual increments shall be made on the basis of these appraisals.

Evaluation:

The Committee shall evaluate performance of every Director, KMP and Senior Management at a regular period of one year. The Board shall take into consideration the performance evaluation of Director(s) and KMP(s) at the time of Re-appointment.

Reward principles and objectives:

Our remuneration policy is guided by a common reward framework and set of principles and objectives as particularly envisaged under section 178 of the Companies Act 2013, inter alia principles pertaining to determining qualifications, positive attributes, integrity and independence etc.

Disclosure of Information:

Information on the total remuneration of the Company's Board may be disclosed in the Company's Annual Financial Statements.

Application of the Nomination and Remuneration Policy:

This Nomination and Remuneration Policy shall apply to all future employment agreements with Company's Senior Management, KMP, Directors and other Employees.

The Remuneration Policy is binding for the Board. In other respects, the Remuneration Policy shall be of guidance for the Board. The Board reserves the right to modify the policy as and when recommended by the Committee either in whole or in part without assigning any reason whatsoever.
