NOMINATION AND REMUNERATION POLICY

LEEL ELECTRICALS LIMITED

VERSION HISTORY:

Version No.	Effective Date	Amendment /Revision Details
1.0	06.11.2024	Initial Issuance

1. Introduction and Objective:

LEEL ELECTRICALS LIMITED ("the Company") has developed this Nomination and Remuneration Policy (the "Policy") to establish a clear framework for:

(a) Identifying persons who are qualified to become Directors, persons who may be appointed as Key Managerial Personnel ("KMP") and in senior management positions in accordance with the criteria laid down in the Companies Act and this Policy;

(b) Determining qualifications, positive attributes and independence of a Director;

(c) Determining remuneration payable to the Board of Directors ("Board"), KMPs, Senior Management and other employees; and

(d) Specifying the manner for effective evaluation of performance of the Board, Directors, KMPs and persons in senior management positions to be carried out either by the Board, by the Nomination and Remuneration Committee ("NRC") or by an independent external agency.

The Board of Directors of the Company, post its acquisition vide Hon'ble National Company Law Tribunal ("NCLT") Order dated 21.03.2024 under the provisions of Insolvency and Bankruptcy Code, 2016, ("IBC"), adopted this policy in its Meeting (03/2024-25) held on 06.11.2024, in order to align with the relevant provisions of the Section 178(3) of the Companies Act, 2013 (the "Act") and the rules made thereunder, as well as Regulation 19 and Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

While formulating this Policy, the NRC of the Company has considered the following factors, as outlined under Section 178(4) of the Act, which include:

(a) Ensuring the level and composition of remuneration is appropriate and sufficient to attract, retain, and motivate high-quality directors to lead the Company effectively;

(b) Establishing a clear link between remuneration and performance, with remuneration structures aligned to measurable performance criteria; and

(c) Ensuring the remuneration of directors, KMP, and senior management strikes a balance between fixed pay and performance-linked incentives, in line with both short-term and long-term objectives of the Company.

In the event of any inconsistency between this Policy and applicable laws, the provisions of the law shall take precedence, and the Company will ensure compliance with the relevant legal requirements.

2. Definitions:

Unless specifically mentioned otherwise:

(a) Act: means the Companies Act, 2013;

(b) Board: means the collective body of the directors of the Company, as defined in Section 2[10] of the Act;

(c) Company: means LEEL Electricals Limited;

(d) KMP: In relation to the Company, KMP 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;
   (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 under the law;

(e) NRC: means the Nomination and Remuneration Committee of the Company;

(f) Policy: means this Nomination and Remuneration Policy formulated by the Nomination and Remuneration Committee of the Company;

(g) SEBI Listing Regulations: means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The words and phrases used in this policy which are not defined here shall derive their meaning from the applicable laws and regulations, as the case may be. Further, if any of the above definitions are in contradiction with the applicable laws, then the definitions under the applicable laws shall prevail.

3. Appointment criteria and qualifications

(a) The NRC shall identify and ascertain the integrity, qualification, expertise and experience for appointment to the position of Directors, KMPs and others in senior management positions.

(b) A potential candidate should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The NRC shall review qualifications, expertise and experience, as well as the ethical and moral qualities possessed by such person, commensurate to the requirement for the position.

(c) The NRC shall determine the suitability of appointment of a Director by assessing the proposed person against a range of criteria which includes but are not limited to:
   - Personality, skills and professional knowledge
   - Knowledge and experience relevant to the business of the Company
   - Understanding of and experience in performing his roles and responsibilities
   - Independence of judgment
   - Educational and professional qualification(s)
   - Past performance and credentials, behavior &conduct
   - Ability to work individually as well as a member of team
   - Ability to represent the Company
   - Interaction and relationship with the other members of the Board, KMPs, senior management and key stakeholders
   - Board room conduct
   - Communication skills
   - Ethics and Values

(d) The Company shall not appoint or continue the employment of any person as a Managing Director, Whole Time Director and Manager, who is below the age of twenty-one years or has attained the age of seventy years. Provided that a person who has attained the age of seventy years may be appointed or his term may be extended in accordance with the relevant provisions of the Act and other applicable laws, if any;

(e) The Company shall not appoint or continue the employment of any person as a Non-Executive Director who has attained the age of seventy-five years, unless a special resolution is passed to that effect, in accordance with the relevant provisions of the Act and other applicable laws, if any;

(f) The NRC shall ensure that there are appropriate induction and training programs in place for newly appointed Directors and KMPs.

(g) The NRC shall 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 relevant provisions of the Act and other applicable laws, if any, and their service contract.

(h) The NRC shall recommend any necessary changes in the constitution of the Board, KMPs or senior management to the Board.

4. Independence of Directors

(a) The qualifications of Independent Directors of the Company shall be decided on the basis of criteria provided under the relevant provisions of the Act and the rules made thereunder, and as envisaged under SEBI Listing Regulations.

(b) A declaration of independence shall be provided by each of the Independent Directors at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director.

(c) For every appointment of an Independent Director, the NRC 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.

(d) For the purpose of identifying suitable candidates, the NRC may use the services of an external agencies, if required; consider candidates from a wide range of backgrounds, having due regard to diversity; and consider the time commitments of the candidates.

5. Remuneration payable to Non-Executive Directors (NED) and Independent Directors

a. The remuneration payable by the Company to NEDs shall be reasonable and sufficient to attract, retain and motivate directors aligned to the requirements of the Company (taking into consideration its future growth imperatives and the challenges faced by the Company).

b. The remuneration payable to the NEDs shall be in accordance with the provisions of the Act, the Rules made thereunder, the SEBI Listing Regulations and the Articles of Association of the Company, as amended from time to time. Such remuneration shall be within the limits approved by the shareholders wherever applicable.

c. The NRC shall recommend to the Board the sitting fees, commission and other permissible remuneration payable to the NEDs, in accordance with the applicable laws. Such remuneration shall be subject to the approval of the Board and shareholders, wherever required.

d. The sitting fees payable to NEDs for attending meetings of the Board and its committees shall be determined within the limits prescribed under the Act and may be reviewed periodically by the Board based on industry practices and regulatory requirements.

e. The commission payable to the NEDs, if any, shall be recommended by the NRC after considering the Company’s performance, profitability, individual contribution, responsibilities undertaken, attendance and participation in meetings and other relevant factors and shall be subject to the applicable provisions of law and shareholder approval, wherever required.

f. The Company may reimburse any director for reasonable and necessary expenses incurred while performing their duties as a director.

g. Where a director renders services to the Company in any capacity other than as a director, the remuneration for such services may be paid in accordance with the applicable provisions of the Act.

h. The remuneration payable to NEDs including Independent Directors, in the event of inadequate profits or no profits, shall be governed by the applicable provisions of the Act and other applicable laws.

i. The grant of employee stock options or other equity-based incentives, wherever applicable, shall be governed by the applicable provisions of law and the relevant employee stock option or equity incentive scheme(s) of the Company.

j. The Remuneration payable to the NEDs shall at all times comply with the provisions of the Act, the SEBI Listing Regulations and such other applicable laws as may be in force from time to time.

6. Remuneration payable to Executive Directors (EDs), Key Managerial Personnel (KMP) and Other Employees

a. The remuneration payable by the Company to EDs, KMPs and other employees shall be in accordance with the provisions of the Act, the rules made thereunder, the SEBI Listing Regulations and such other applicable laws, as amended from time to time.

b. The remuneration of the ED shall be recommended by the NRC and approved by the Board and the shareholders, wherever required. Such remuneration shall be fair, reasonable and sufficient to attract, retain and motivate competent professionals while aligning their interests with the long-term objectives of the Company.

c. The remuneration of the ED, KMP and other Employees may comprise one or more of the following components, as applicable:
   - Fixed remuneration, including basic salary and allowances;
   - Performance-linked variable pay and incentives;
   - Retirement and other statutory benefits;
   - Perquisites and other employee benefits; and
   - Long-term incentive or employee benefit plans, including employee stock option schemes, wherever applicable and in accordance with the applicable laws and the relevant scheme(s) of the Company.

The variable remuneration, including commission, performance incentives or bonuses, wherever applicable, shall be based on individual performance, achievement of business objectives, the Company's financial and operational performance, and such other qualitative and quantitative parameters as may be determined by the NRC and approved by the Board, wherever applicable.

d. The remuneration payable to ED in the event of inadequate profits or no profits shall be governed by the applicable provisions of the Act and other applicable laws.

e. Annual revisions in remuneration, including fixed and variable pay, shall be based on individual performance, responsibilities, market benchmarks, the Company's overall performance and such other factors as may be considered appropriate by the NRC and the management.

f. The grant of employee stock options or other equity-based incentives, wherever applicable, shall be governed by the applicable provisions of law and the relevant employee stock option or equity incentive scheme(s) of the Company.

7. Performance Evaluation

The Company shall maintain a formal annual performance management process for all employees, including senior executives. The evaluation of the Directors shall be conducted on an annual basis by the NRC. The following criteria shall assist the NRC in determining how effective the performances of the Directors have been:

(a) Vision and clarity of roles & responsibility:

The Individual Director should have awareness of fiduciary and statutory requirements and a clearly articulated vision. This includes clarity of role as a member of the Board of the Company.

(b) Board Processes:

The quality of board processes such as decision making (i.e. how directors ensure they are well informed to be able to make the decisions in the best interest of the Company and its stakeholders) selection and induction etc.

(c) Engagement with Management:

How well the board engages with the management to ensure it is well supported and able to meet the needs of its members.

(d) Board dynamics:

At the heart are the board dynamics. It is the quality of individual relationships and dialogues that directly influences the quality of decision making and relationships with key stakeholders.

(e) Frequency of participation:

The Individual should make him /her available for attending the Board meetings of the Company and be available for providing his/her guidance and support in case of need.

8. Amendments to the Policy

Any amendment, modification or change in the provisions of the Act or any other applicable laws in this regard, shall automatically apply to this Policy. The Board of Directors may review and amend this policy from time to time.

9. Disclosure

This Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.