

POLICY ON REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

1. INTRODUCTION:

Indo Thai Securities Limited (“the Company”) recognizes the importance of attracting, retaining and motivating personnel of high calibre and talent for the purpose of ensuring efficiency and high standard in the conduct of its affairs and achievement of its goals besides securing the confidence of the shareholders in the sound management of the Company.

The Provision of Section 178 of the Companies Act 2013 (“the Act”) and rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and other applicable provisions of the Act and Regulation 19 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, makes it mandatory for the Board of Directors of every listed company to constitute a Nomination and Remuneration Committee.

In pursuance of the Company’s policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel and Employees of the company and to harmonize the aspirations of human resources consistent with the goals of the company, the Nomination and Remuneration Committee (hereinafter referred to as the Committee) has been formulated the policy for remuneration of Directors, Key Managerial Personnel (KMPs), Senior Management and other Employees of Indo Thai Securities Limited, in accordance with the requirements of the provisions of Section 178 of the Companies Act, 2013 and Part D of Schedule II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. DEFINITIONS:

“**Act**” means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

“**Board**” means Board of Directors of the Company.

“Company” means “Indo Thai Securities Limited.”

“Directors” means Directors of the Company.

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

“Key Managerial Personnel” means as may be defined in the Companies Act, 2013.

As per section 2(51) “key managerial personnel”, in relation to a company, 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.

“Nomination and Remuneration Committee” shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“Policy or This Policy” means, “Policy for Remuneration of Directors, Key Managerial Personnel and Other Employees”.

“Remuneration” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

Senior Management” shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the [“chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.]

“Other employees” means, all the employees other than the Directors, KMPs and the Senior Management Personnel.

3. REMUNERATION TO THE DIRECTORS:

The Company strives to provide fair compensation to directors, taking into consideration industry benchmarks, Company's performance vis-à-vis the industry, responsibilities shouldered, performance/ track record, macroeconomic review on remuneration packages of heads of other organizations.

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

4. APPOINTMENT AND REMUNERATION OF MANAGING DIRECTOR AND 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 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.

In terms of the provisions of Companies Act, 2013, the Company may appoint a person as its Managing Director or Whole-time Director for a term not exceeding 5 (five) years at a time.

The executive directors 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/ Whole-time Director(s), the Nomination and Remuneration 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 executive directors

Annual Increments to the Managing Director/ Whole Time Director(s) shall be within the slabs approved by the Shareholders. Increments shall be decided by the Nomination and Remuneration Committee at times it desires to do so but preferably on an annual basis.

5. INSURANCE PREMIUM AS PART OF REMUNERATION:

Where any insurance is taken by a Company on behalf of its Managing Director, Whole-time Director, Manager, Chief Executive Officer, Chief Financial Officer or Company Secretary for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

However, if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

6. REMUNERATION TO INDEPENDENT DIRECTORS:

Independent Directors may receive remuneration by way of

- Sitting fees for participation in the Board and other meetings;
- Reimbursement of expenses for participation in the Board and other meetings;
- Commission as approved by the Shareholders of the Company.

Independent Directors shall not be entitled to any stock options.

Based on the recommendation of the Nomination and Remuneration Committee, the Board may decide the sitting fee payable to Independent Directors, but the amount of such sitting fees shall not exceed the maximum limit permissible under the Companies Act, 2013.

7. REMUNERATION TO DIRECTORS IN OTHER CAPACITY:

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

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

8. EVALUATION OF THE DIRECTORS:

As members of the Board, the performance of the individual Directors as well as the performance of the entire Board and its Committees is required to be formally evaluated annually.

Section 178 (2) of the Companies Act, 2013 also mandates the Nomination and Remuneration Committee to carry out evaluation of every director's performance.

In developing the methodology to be used for evaluation on the basis of best standards and methods meeting international parameters, the Board / Committee may take the advice of an independent professional consultant.

9. NOMINATION AND REMUNERATION OF THE KEY MANAGERIAL PERSONNEL (OTHER THAN MANAGING DIRECTOR/ WHOLE-TIME DIRECTORS), KEY-EXECUTIVES AND SENIOR MANAGEMENT:

The executive management of a company is responsible for the day to day management of the Company. The Companies Act, 2013 has used the term "Key Managerial Personnel" to define the executive management.

The Key Managerial Personnel's are the point of first contact between the Company and its stakeholders. While the Board of Directors are responsible for providing the oversight. It is the Key Managerial Personnel and the Senior Management who are responsible for not just laying down the strategies as well as its implementation.

The Companies Act, 2013 has for the first time recognized the concept of Key Managerial Personnel.

Among the KMPs, the remuneration of the CEO or the Managing Director and the Whole-time Director(s), shall be governed by the Section on Remuneration of the Directors of this Policy dealing with "Remuneration of Managing Director and Whole-time- Director".

Apart from the Directors, the remuneration of all the other Key Managerial Personnel's such as the Chief Financial Officer, Company Secretary or any other officer that may be prescribed under the statute from time to time; and "Senior Management" of the Company defined in the Regulation 16(1)(d) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, shall be determined for the Key Managerial Personnel/s and Senior Management of the Company in consultation with the Managing Director and/ or the Whole-time Director (Finance).

The remuneration determined for all the above said senior personnel shall be in line with the Company's philosophy to provide fair compensation to Key-Executive Officers based on their performance and contribution to the Company and to provide incentives that attract and retain key executives, instill a long-term commitment to the Company, and develop a pride and sense of Company ownership, all in a manner consistent with shareholder interests.

The break-up of the pay scale and quantum of perquisites including, employer's contribution to Provident Fund, pension scheme, medical expenses etc. shall be decided for the Company's Key Managerial Personnel/s.

Decisions on Annual Increments of the Senior Personnel shall be decided by the Human Resources Department in consultation with the Managing Director and/ or the Whole-time Director (Finance) of the Company.

10.REMUNERATION OF OTHER EMPLOYEES:

Apart from the Directors, KMPs and Senior Management, the remuneration for 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 Key Managerial Personnel/s 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, basic salary, allowances, perquisites etc. may be combined to ensure an appropriate and balanced remuneration package.

The annual increments to the remuneration paid to the employees shall be determined based on the annual appraisal carried out by the Head of Departments of various departments.

Decisions on Annual Increments shall be made on the basis of this annual appraisal.

11. REVIEW AND AMENDMENT:

Any or all the provisions of this Policy would be subject to the revision/ amendment in the Companies Act, 2013, related rules and regulations, guidelines and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, on the subject as may be notified from time to time. 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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