

BONFIGLIOLI TRANSMISSIONS LIMITED	Version No.	01
CIN: U29309TN1998PLC040717	Prepared by	Secretarial Department
Registered Office: Plot No. AC7-AC11, SIDCO Industrial Estate, Thirumudivakkam, Kancheepuram, Tamil Nadu, India, 600 132	Effective date	February 5, 2026
	Last Amendment on	-

Nomination and Remuneration Policy

1. Preamble:

Bonfiglioli Transmissions Limited (the “**Company**”) strives to ensure the highest levels of integrity, quality and service in its business. The observance of the highest standards & levels of transparency, accuracy, accountability and reliability on the organisation cascades from the board of directors of the Company across various business segments.

The Company is committed to ensure that remuneration commensurate with the role and responsibilities is paid to the directors, key managerial personnel and senior management personnel.

The remuneration policy for directors, key managerial personnel and senior management personnel has been formulated in accordance with the requirements under Section 178 of the Companies Act, 2013 (the “**Act**”) and Section 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (“**SEBI Listing Regulations**”), each as amended from time to time, when so applicable.

The key objectives of the remuneration policy are as follows:

- a) To achieve a performance-driven work culture that generates organizational growth
- b) To attract, retain, motivate the best talent, to run the business efficiently and effectively.
- c) To provide clear focus and measurement on key objectives with a meaningful link to rewards

2. Definitions:

- i. “**Director**” Director means a person who has been inducted on the Board of the Company.
- ii. “**Executive Director**” means the Directors who are in whole-time employment of the Company viz. managing director and whole-time director.
- iii. “**Non- Executive Director**” means Directors who are not in whole-time employment of the Company.
- iv. “**Independent Directors**” means Directors appointed in accordance with Section 2(47), 149 of the Act and SEBI Listing Regulations.
- v. “**Key Managerial Personnel**” or “**KMP**” means key managerial personnel as defined under Section 2(51) of the Act read with Regulation 2(o) of the SEBI Listing Regulations.
 - i. “**Senior Management Personnel**” or “**SMP**” shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the

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.”

- ii. **“Nomination and Remuneration Committee”** means the Committee constituted pursuant to the provisions of Section 178 of the Act and Regulation 19 of SEBI Listing Regulations.

3. Policy Scope:

The remuneration policy is the guiding principle on the basis of which the Nomination and Remuneration Committee will recommend to the Board of Directors the remuneration payable to Directors, Key Managerial Personnel and Senior Managerial Personnel.

4. Remuneration to Executive Directors, Key Managerial Personnel & Senior Management Personnel:

The Nomination and Remuneration Committee recommends the remuneration payable to the Executive Directors based on which the board of directors of the Company fix the remuneration of the Executive Directors within the limits approved by the shareholders.

The Nomination and Remuneration Committee will recommend the remuneration payable to Key Managerial Personnel based on which the board of directors will fix the remuneration. In case of any Key Managerial Personnel the remuneration fixed should be within the limits approved by the shareholders.

Remuneration to Whole Time/ Executive/Managing Director

- a) Fixed pay;

The whole-time director/ KMP and such other employees shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale 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/ the person authorized by the board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

- b) Minimum Remuneration;

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its whole-time director in accordance with the provisions of Schedule V of the Act.

c) Provisions for excess remuneration;

If any whole-time director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without approval as required under the Act, where required, he / she shall refund such sums to the Company, within two years or such lesser period as may be allowed by the Company. Until such sum is refunded to the Company, the Director shall hold such excess remuneration in trust for the Company.

Further, the Company shall not waive the recovery of any sum refundable as above unless approved by the members of Company by way of special resolution within two years from the date the of such sum becomes refundable.

Remuneration to non-executive including Independent Directors:

Non-Executive Directors are paid remuneration by way of sitting fees for attending board and committee meetings.

The Company pays sitting fees for attending meeting of the board and committees to Non-Executive Directors within the limits prescribed under the Act.

Commission, if any, may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% p.a. of the profits of the Company (computed in accordance with the Act).

An Independent Director shall not be entitled to any stock option and may receive remuneration by way of fees provided under Section 197 of the Act, re-imbursment of expenses for participation in the Board and other meetings and profit related commission, if any, as may be approved by the members of the Company.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company may pay remuneration to its Non-Executive Directors in accordance with the provisions of Schedule V of the Companies Act by seeking relevant approvals.

Remuneration to Key Managerial Personnel and Senior Management Personnel

Remuneration to KMP and SMP comprises of fixed pay and variable pay components.

i) Fixed Pay

KMPs and SMPs receive guaranteed portion of their total package on a monthly basis.

The total package includes both monthly compensation and guaranteed benefits such as employer's contribution to retirement funds i.e. provident fund.

This is fixed during hiring the incumbent and subsequent increments shall be based on performance ratings, initiatives and concurrence of the board of directors.

ii) Variable Pay

Performance Incentive is a variable pay.

These rewards are based on individual's, business unit's or Company's performance including related pre-defined targets. Performance is measured over a 12-month period.

Employee Stock Options

The Committee may grant employee stock options to the Executive Directors (other than Directors who have also been identified as promoters of our Company), identified KMP and SMP under the various ESOP schemes.

5. Independent Directors

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: (a) use the services of an external agencies, if required; (b) consider candidates from a wide range of backgrounds, having due regard to diversity; and (c) consider the time commitments of the candidates.

6. Retirement of Director, Key Managerial Personnel and Senior Management Personnel

The Company shall not appoint a person or continue the directorship of any person as a:

- a) Independent Director or Executive Directors who has not completed the age of 21 years;
- b) managing director or whole-time director who has attained the age of 70 years;
- c) non-executive director who has attained the age of 75 years.

However, with approval of the members as special resolution, the Company may appoint or continue the term of Executive Directors who has attained the age of 70 years and non-executive director who has attained the age of 75 years, subject to the provisions of the Companies Act, SEBI Listing Regulations and other applicable law.

Further, the retirement age of KMP and SMP is 60 years and any extension at the discretion of the Company and as may be mutually agreed by the Company and KMP/ SMP may be provided, subject to the provisions of the Companies Act, SEBI Listing Regulations and other applicable law.

7. Removal of Board Members, Key Managerial Personnel and Senior Management Personnel

The Committee may recommend to the Board with reasons recorded in writing, the removal of Directors that shall be in line with the provisions of Section 169 of the Act and Rules made thereunder and any other applicable provisions.

Further, pursuant to the provisions of Section 167 of the Act, office of a director shall become vacant in case:

- a) he incurs any of the disqualifications specified in section 164;
- b) he absents himself from all the meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board;
- c) he acts in contravention of the provisions of section 184 relating to entering into contracts or arrangements in which he is directly or indirectly interested;
- d) he fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested, in contravention of the provisions of section 184;
- e) he becomes disqualified by an order of a court or the National Company Law Tribunal;
- f) he is convicted by a court of any offence, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months.

Removal of KMP and SMP (who are not Board Members)

A KMP or SMP can be dismissed from her/ his position in circumstances when found guilty of misconduct or fraudulent, after appropriate enquiry.

8. Retiral Benefits:

The remuneration of Executive Directors, Key Managerial Personnel and Senior Management Personnel are fixed by the Board based on the recommendation of the Nomination and Remuneration Committee on basis of individual's qualification, experience, expertise, core competencies, job profile, positive attributes and industry standards.

Based on the comparison of actual performance of the Company in comparison with the annual budgets, the Nomination and Remuneration Committee recommends to the board of directors, the quantum of Commission payable to Executive Directors.

As regards to the Key Managerial Personnel who are not on the Board variable pay will be based on a weighted average factor of individual performance, department performance and Company's performance.

9. Remuneration Payable to Other Employees:

Employees are assigned bands based on a grading structure. The assignment of a particular band is dependent on their educational qualification, work experience, skill sets, competencies and the role & responsibilities they will be discharging in the Company. Individual remuneration is based on various factors as listed above apart from industry standards.

10. Amendment and Modifications

This policy will be reviewed periodically by the Board/ Committee as may be deemed necessary and to comply with any regulatory amendments or statutory modifications and subject to the necessary approvals of the Board of Directors in cases of material changes to the Policy.

11. Interpretation

In case of any subsequent changes in the provisions of the aforementioned statutes, the statutes would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with prevailing law. Any subsequent amendment/modification in SEBI Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.
