

Nomination and Remuneration Policy

(As amended on 27th May, 2019)

Introduction:

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 (KMP) and employees of the Company, and in terms of the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors.

Objective and purpose of the Policy:

The objective and purpose of this policy are:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on 26th September, 2014 and reviewed amended on 27th May, 2016. Pursuant to the amendment made to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this policy requires amendment to be in line with the amended regulations.

Definitions:

- Board means Board of Directors of the Company.
- Directors means Directors of the Company.
- Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- Company means Saksoft Limited.

- Independent Director means a director referred to in Section 149(6) of the Companies Act, 2013.
- Key Managerial Personnel (KMP) means-
 - (i) Executive Chairman and / or Managing Director;
 - (ii) Whole-time Director;
 - (iii) Chief Financial Officer;
 - (iv) Company Secretary;
 - (v) Such other officer as may be prescribed under the applicable statutory provisions /regulations.

“Senior management” means officers/ personnel of the listed entity, who are members of its core management team excluding board of directors and normally this shall comprise of 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.

Applicability:

The Policy is applicable to Directors (Executive and Non-Executive), Key Managerial Personnel and Senior Management Personnel. This policy is divided into 4 parts as follows:-

Part – A

Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal, remuneration of Director, KMP and Senior Management Personnel.
- To formulate criteria for determining qualification, positive attributes and independence of a Director
- To review the annual performance of executive and non-executive Director(s).
- To annually review the duties and performance of the chairman of the Board and recommend the process to the Board for his election.

- To devise a policy on Board diversity

Part – B

Policy for Appointment and Removal of Director, KMP and Senior Management

Appointment:

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director and recommend to the Board his / her appointment. The candidate for a position at KMP or Senior Management level is met by the Head – HR and the interview is targeted at assessing the candidate on his/her functional and leadership capabilities and cultural fitment to the organization. The Head – HR ensures that the person possess adequate qualification, expertise and experience for the position he / she is considered for appointment.
- The Managing Director assesses the shortlisted candidates for the position of KMP or Senior Management Level.
- The selected candidate's details and the proposed compensation is shared with the Nomination and Remuneration Committee for their review and suggestions. The same is shared with the Board at the next Board Meeting.

Term / Tenure:

- The tenure for Directors shall be governed by the terms defined in the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be amended from time to time.
- The tenure for other KMP and Senior Management Personnel will be governed by Saksoft HR Policy.

Evaluation:

The Managing Director evaluates the performance of Senior Management Personnel at regular intervals.

The evaluation of the Independent Directors shall be done by the entire Board of Directors which shall include performance of the directors including the contributions made to the Board deliberations on various matters including business strategy, financial strategy, operations, cost and risk management, etc., and suggestions given in this regard and fulfillment of the independence criteria as specified in SEBI LODR Regulations and their independence from the management.

Provided that in the above evaluation, the directors who are subject to evaluation shall not participate.

Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, subject to the provisions and compliance of the said Act, rules and regulations.

For other KMP or Senior Management Personnel the removal will be governed by Saksoft HR Policy and the subsequent approval of the Managing Director.

Retirement:

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Managing Director will have the discretion to retain the KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

Part – C**Policy relating to the remuneration for the Whole-time Director, KMP and Senior Management Personnel****Evaluation Process:**

- The performance metrics shall be defined by the Nomination and Remuneration Committee for Directors and for other KMP and Senior Management Personnel, the metrics shall be determined by the Managing Director.
- An holistic view of the ratings will be reviewed by the Board in relation to Directors and for KMP and Senior Management Personnel be reviewed by the Managing Director. The Managing Director does a qualitative review of the performance based on the efforts put in by the employee, results achieved and impact of the external and internal factors to arrive at the Final Rating.
- The revision in the total remuneration is directly linked to the Final Rating for all employees.
- The remuneration / compensation / commission etc to the Whole Time Director, KMP and Senior Management Personnel will be determined by the Managing Director in accordance with the HR Policy, which is based on the Final rating, employee potential and market benchmark compensation. The revised remuneration is shared with the Nomination and Remuneration Committee for review.
- The ESOP's to the Whole Time Director and Senior Management Personnel will be determined by the Managing Director as per the ESOP Schemes of the Company and recommended to the Committee and the Board for approval in the subsequent board meeting.
- The remuneration/compensation/commission etc to the Directors shall be subject to the prior/post approval of the Shareholders of the Company and Central Government wherever required.
- The remuneration and commission to be paid to Whole Time Director shall be in accordance with the percentage/ slabs/ conditions laid down in the Articles of Association of the Company and as per the provision of the Companies Act, 2013 and the rules made thereunder.

- The fees or compensation payable to Executive Directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if
 - (i) the annual remuneration payable to such executive director exceeds Rupees Five Crore or 2.5% of the net profits of the listed entity, whichever is higher or
 - (ii) where there is more than one such Director, the aggregate annual remuneration to such directors exceeds 5% of the net profits of the listed entity.

Provided that the approval of the shareholders as stated above shall be valid only till the expiry of the term of such director.

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

Part-D

Policy relating to the making of payments to Non-Executive/ Independent Directors:

- The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) 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 approval of the shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single non – executive director exceeds fifty percent of the total annual remuneration payable to all non – executive directors, giving details of the remuneration thereof.

- The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors .
- An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.
- Any remuneration paid to Non- Executive for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes stated as above if the following conditions are satisfied:
 - The Services are rendered by such Director in his capacity as the professional; and
 - In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

- The Nomination and remuneration Committee of the Company, constituted for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share based payments to be made to Directors (other than Independent Directors).

Modification

The Nomination and Remuneration Committee of the Board of Directors of Saksoft can modify this Policy at any time without notice. Modification may be necessary, among other reasons, to maintain compliance with the regulations and / or accommodate organizational changes within the Company.
