

Nomination and Remuneration Policy

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 assist Nomination and Remuneration Committee(NRC) in identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the board their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its Committees and individual directors to be carried out by the Board or the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
- To formulate the criteria for determining qualification, positive attributes and independence of a Director and recommend to the Board a Policy relating to remuneration for Directors, Key Managerial Personnel's and other Employees;
- To ensure that level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- Remuneration to directors, key managerial personnel and senior management involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals and recommend to the Board, all remuneration, in whatever form, payable to senior management;
- To provide for Board Diversity

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 2024. 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.

As amended and approved by the board on 27th May,2024

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) 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;
- **“Senior Management”** shall mean as defined under Regulation 16(1)(d) of the Listing Regulations.

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:

- formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- formulation of criteria for evaluation of performance of independent directors and the board of directors
- devising a policy on diversity of board of directors
- identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal
- whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- recommend to the board, all remuneration, in whatever form, payable to senior management.

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, in accordance with the criteria laid/ Board Skill Matrix, recommend to the board his/her appointment.

In accordance with the Act and Listing Regulations, appointment of KMP shall be done by the Board on recommendation of the Committee.

Managing Director are authorized to select and approve the appointment of Senior Management (other than CFO & CS), as per Company's policy and process.

- The Company is committed to acquire, develop and retain a pool of high calibre talent, establish systems and practices for maintaining transparency, fairness and equity and provides for payment of competitive pay packages matching industry standards.
- The Company shall not appoint or continue the employment of any person as Director who has attained the retirement age, unless approved by the Board/ shareholders pursuant to the requirement of the Act/ Listing Regulations.
- 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 Committee shall carry out an annual performance evaluation of the Board/Committee, Chairman and individual directors, by itself or through the Board or an independent external agency, review and its implementation thereof.

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 age of superannuation, for the benefit of the Company subject to the compliance with the applicable provisions of the law.

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.
- A 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).

Review and Amendment.

This Policy shall be reviewed as and when required, to ensure that it meets the objectives of the relevant regulations and remains effective.

Unless required under the Act or Listing regulations or other applicable regulations to be approved by the Board or Committee, all statutory amendments in the Act or Listing Regulations or other applicable regulations, shall be effective and binding even if such amendments are not incorporated in the Policy herein.

For administrative convenience, any change in the policy herein shall be made by the Company Secretary in consultation with the Managing Director & Chief Financial Officer. Apart from administrative convenience and any statutory amendments, any material change that substantially impacts the implementation of the existing Policy shall be approved by the Committee and notified to the Board.