

# NOMINATION AND REMUNERATION POLICY

**Version 1.5**

## Revision History

Version No.	Date	Prepared By/ Modified By	Overview of Changes	Approved By
1.0	April 28, 2015	R. Swaminathan	Original Policy	Board of Directors
1.1	January 20, 2016	Sneha Padve	Amendment to the Policy	Board of Directors
1.2	February 18, 2019	Sneha Padve	Change of Company Name	Board of Directors
1.3	March 27, 2020	Sneha Padve	Amendment to the Policy	Board of Directors
1.4	February 6, 2021	Sneha Padve	Benchmarked the Policy with good practices of other companies	Board of Directors
1.5	August 8, 2023	Sneha Padve	Amendment to the Policy	Board of Directors

## 1. Introduction

A transparent, fair and reasonable process for determining the appropriate remuneration at all levels of the Company is required to ensure that the members remain informed and confident in the management of the Company. To harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013, and the rules made thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, this Policy on nomination and remuneration of Directors (including non-executive directors) of the Board of Directors, the Key Managerial Personnel, Senior Management has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors. This Policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors (including non-executive directors), Key Managerial Personnel and Senior Management Personnel and evaluation of performance of Directors.

## 2. Definitions

- a) In this Policy unless the context otherwise requires:
- i) **“Act”** means the Companies Act, 2013 and rules issued thereunder.
  - ii) **“Board of Directors” or “Board”**, in relation to the Company, means the collective body of the directors of the Company.
  - iii) **“Committee”** means Nomination and Remuneration Committee of the Company, as constituted or reconstituted by the Board.
  - iv) **“Company”** means Birlasoft Limited.
  - v) **“Director”** means a Director appointed to the Board of the Company.
  - vi) **“Independent Director”** means a director referred to in Section 149(6) of the Companies Act, 2013, read with Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015.
  - vii) **“Key Managerial Personnel” (KMP)** shall have the meaning ascribed to it in the Act and the Rules made thereunder.
  - viii) **“Non-Executive Directors”** includes Independent Directors.
  - ix) **“Policy”** means this Nomination and Remuneration Policy.
  - x) **“SEBI (LODR) Regulations, 2015”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
  - xi) **“Senior Management Personnel” (SMP)** shall mean officers/personnel of the Company who are (i) one level below the Chief Executive Officer & Managing Director and also, members of the core management; (ii) KMP; (iii) Head-Internal Audit; and (iv) any other person as may be identified by the NRC and the Board from time to time.
- b) Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Act and the SEBI (LODR) Regulations, 2015, as may be amended from time to time,

shall have the meaning respectively assigned to them therein.

### 3. Objective of the Policy

- a) The objective of this Policy is to outline a framework to ensure that the Company's remuneration levels are aligned with industry practices and are sufficient to attract and retain competent directors on the Board, KMP and SMP of the quality required, while allowing fair rewards for the achievement of key deliverables and enhanced performance. The key objectives of this Policy include:
  - i) guiding the Board in relation to appointment and removal of Directors, KMP and SMP;
  - ii) specifying the manner for effective evaluation of the performance of the members of the Board individually, Board as a whole and Committees thereof, and review its implementation and compliance.
  - iii) recommending to the Board the remuneration, in whatever form, payable to the Directors, KMP and SMP.
- b) While determining the remuneration for the Directors (including Non-Executive Directors), KMP and SMP, regard should be made to prevailing market conditions, business performance and practices in comparable companies, as also to financial and commercial health of the Company as well as prevailing laws and government/other guidelines, to ensure that pay structures are appropriately aligned and the level of remuneration remain appropriate.
- c) While designing the remuneration package it should be ensured that:
  - i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the person, to ensure the quality required to run the Company successfully;
  - ii) there is a balance between fixed and incentive pay, reflecting short-term and long-term performance objectives appropriate to the working of the Company and its goals.
- d) Some part of the remuneration package may be linked to the achievement of corporate performance targets of the Company and a strong alignment of interest with stakeholders.
- e) The Committee may consult with the Chairman of the Board as it deems appropriate.
- f) The Committee shall observe the set of principles and objectives as envisaged under the Act (including Section 178 thereof), rules framed there under and the SEBI (LODR) Regulations, 2015, including, inter-alia, principles pertaining to determining qualifications, positives attributes, integrity and independence.

### 4. Applicability

This policy is applicable to:

- a) Directors, including Non-Executive Directors;
- b) Key Managerial Personnel; and
- c) Senior Management Personnel.

## 5. Committee Constitution and details

The Committee shall comprise of at least three Directors, all of whom shall be non-executive directors and at least half shall be Independent Directors, the Chairperson being an Independent Director, or of such number of Directors as would be required under applicable laws. The Chairperson of the Company (whether or not a non-executive director) may be a member of the Committee but shall not chair such Committee. The Chairperson of this Committee or in case of his absence, any other person authorised by him shall attend the general meetings of the Company. The meeting of the Committee shall be held at such intervals as may be required and it may meet, convene and conduct meetings through video conferencing or audio-visual means, as may be provided by the Company. The Company Secretary of the Company shall act as the Secretary of the Committee. A member of the Committee is not entitled to participate when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee. The quorum necessary for transacting business at a meeting of the Committee shall be two members or one-third of the members of the Nomination and Remuneration Committee; whichever is greater. Matters arising for determination at Committee meetings shall be decided by a majority of votes of members present. Any such decision shall for all purposes be deemed a decision of the Committee. In the case of equality of votes, the Chairman of the meeting will have a casting vote. The Committee shall, as per the provisions of the Act, maintain written minutes of its meetings.

## 6. Responsibility of the Committee

The Committee is responsible for:

- a) criteria for determining qualifications, positive attributes and independence of a Director for the purpose of this Policy;
- b) advising the Board on issues concerning principles for remuneration of Directors (including Non-Executive Directors), KMP and SMP. The Nomination and Remuneration Committee shall, while formulating the principles for remuneration ensure that—
  - (i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
  - (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - (iii) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
- c) monitoring and evaluating the application of this Policy;
- d) devising a policy on diversity of board of directors;
- e) monitoring and evaluating current remuneration structures and levels in the Company; and
- f) any other responsibility as determined by the Board.

## 7. Powers of the Committee

The Committee shall have inter-alia following powers:

- a) Conduct studies or authorise studies of issues within the scope of the Committee and will have access to necessary books, records, facilities and personnel of the Company;
- b) Retain or seek advice of consultants and experts for performance of their role under this Policy and the costs relating thereto shall be borne by the Company;
- c) Delegate its powers or form sub-committees to perform any of its functions or role under this Policy, subject to approval of the Board.

## 8. Appointment of Directors, KMP and SMP

### 8.1 Appointment of Directors:

- a) The NRC shall identify persons who are qualified to become directors in accordance with the criteria laid down, and recommend to the board of directors their appointment.
- b) The Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director.

Further, 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:

- i. use the services of an external agencies, if required;
  - ii. consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - iii. consider the time commitments of the candidates.
- (c) The NRC shall decide 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

### 8.2 Appointment of KMP and SMP:

The NRC shall recommend to the Board of Directors, the appointment of KMP and SMP in accordance with the criteria laid down.

The NRC shall have the discretion to consider and fix criteria for the appointment of KMP and SMP which shall include the following:

- (a) The job description and responsibilities must be clearly defined;
- (b) The candidate being considered must be a functional expert in the relevant field of work.

(c) The candidate shall be interviewed by MD and/or by the panel decided by MD.

The candidate so identified shall be recommended by the NRC, if found suitable, to the Board of Directors for the appointment.

### 8.3 General guidelines for appointment of a Director, KMP and SMP

- a) While recommending the appointment of any Director, the Committee shall make sure that diversity guidelines are being adhered to.
- b) Appointment of Directors, KMP and SMP shall also be governed by the provisions of the Act and compliance of the SEBI (LODR) Regulations, 2015.
- c) The appointment of Directors, KMP and SMP shall be done by the Board on the recommendation of Committee.
- d) The appointment of KMP and SMP shall be made in accordance with the Human Resource guidelines of the Company, subject to necessary recommendation(s) from the Committee.

## 9. Remuneration

- a) Remuneration to Directors and KMP:
  - i) The remuneration, compensation, commission, etc. to the Directors and KMP will be determined by the Committee and recommended to the Board for approval. The remuneration, compensation, commission, etc. shall be subject to the prior/post approval of the members of the Company and Central Government, wherever required.
  - ii) The remuneration and commission to be paid to the Directors shall be as per the statutory provisions of the Act and the rules made there under and/or the SEBI (LODR) Regulations, 2015, for the time being in force.
  - iii) Increments to the existing remuneration/compensation structure of the Directors and KMP shall be recommended by the Committee to the Board which should be within the slabs approved by the members in the case of the Directors.
  - iv) Where any insurance is taken by the Company on behalf of its Directors and KMP 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.
- v) Remuneration to the Executive Directors and KMP:

#### Fixed pay:

- Executive Directors and KMP shall be eligible for a monthly remuneration as may be approved by the Board, on the recommendation of the Committee in accordance with the statutory provisions of the Act and the rules made thereunder and/or the SEBI (LODR) Regulations, 2015, for the time being in force.

- The remuneration approved shall clearly provide break-up of the pay scale and quantum of perquisites including, employer's contribution to provident fund, pension scheme, medical expenses, club fees, etc.

Variable components:

- The Executive Director and KMP may be eligible for performance linked variable pay which will be based on the individual and the Company's performance for the year, pursuant to which the Executive Director and KMP are entitled to performance-based variable remuneration. The details of such variable component shall be clearly defined while obtaining the approval of the Board and members. Further, the manner in which performance shall be appraised shall also be objectively defined by the Committee. For the Executive Directors, performance linked remuneration can be in form of commission or fixed amount.
- The Executive Director & KMP may be granted Employee Stock Options and Long-term Incentives under various Schemes of the Company.

Subsequent Change/Increments:

- Any subsequent change/increments in the remuneration of the Executive Directors shall be approved by the Board in accordance with the recommendation of the Committee, subject to the statutory provisions within the limits approved by the members.
- Any subsequent change/increments in the remuneration of KMP (other than the Executive Directors) shall be in accordance with Human Resource guidelines of the Company and terms & conditions of their appointment.

Reimbursement of expenses:

- The Executive Directors and KMP shall be reimbursed with the expenses incurred by them as per the applicable policies of the Company, from time to time.

vi) Remuneration to the Directors other than the Executive Director:

Sitting Fees:

- The Non-Executive and Independent Directors may receive remuneration by way of fees for attending meetings of Board or Committee thereof, as may be fixed by the Board.

Provided that the amount of such fees shall not exceed the maximum amount as provided in the Act, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government, from time to time.

Limit of Remuneration/Commission:

- Remuneration/Commission may be paid within the monetary limit recommended by the Committee and approved by the Board and members, subject to the limit under the applicable provisions of the Act.
- The approval of the members by way of special resolution shall be obtained every year, in case the annual remuneration payable to a single Non-Executive Director exceeds fifty percent of



the total annual remuneration payable to all the Non-Executive Directors, giving details of remuneration thereof.

Reimbursement of expenses:

- The Non-executive Directors shall be reimbursed with the expenses incurred by them in connection with the Board and Committee meetings.

vii) Provisions for excess remuneration:

If any Director draws or receives, directly or indirectly, by way of remuneration any such sum in excess of the limits prescribed under the Act or without the prior sanction as may be required under the Act, he/she shall refund such sum to the Company within such time as may be specified by the Committee/Board of Directors and until such sum is refunded, hold it in trust for the Company.

b) Remuneration to SMP:

- The Nomination and Remuneration Committee shall determine from time to time the remuneration payable to SMP including their increments in consultation with the Managing Director and subject to approval of the Board of Directors.
  - The Board, on the recommendation of the Committee, shall review and approve/ratify the remuneration payable to SMP of the Company, which shall include remuneration payable, in whatever form.
  - Where any insurance is taken by the Company on behalf of its SMP 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.
- iv) Remuneration to SMP may consist of the following components:

Fixed pay:

- SMP shall be eligible for a monthly remuneration as may be recommended by the Committee and approved by the Board of Directors in accordance with the statutory provisions of the Act and the rules made thereunder for the time being in force.
- The remuneration approved shall clearly provide break-up of the pay scale and quantum of perquisites including, employer's contribution to provident fund, pension scheme, medical expenses, club fees, etc.

Variable components:

- The participation of SMP in a performance linked variable pay scheme will be based on the individual and the Company's performance for the year, pursuant to which SMP are entitled to performance-based variable remuneration.
- SMP may be granted Employee Stock Options and Long-term Incentives under various Schemes of the Company.

Reimbursement of expenses:

- SMP shall be reimbursed with the expenses incurred by them as per the applicable policies of the Company, from time to time.

## 10. Evaluation of performance of Directors, Board as a whole and Committees thereof

The Committee shall review the performance of all the Directors and submit its observations with the Chairman of the Board for necessary discussion and consequential action. The performance of Board and its various Committee will be evaluated by the Board itself. The performance shall be reviewed for every financial year either at the end of the year or beginning of next year.

The Independent Directors shall annually:

- a) review the performance of Non-Independent Directors and the Board as a whole; and
- b) review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors.

The Board of Directors (with the individual director being evaluated recusing himself/herself at the relevant time) shall also annually review the performance of individual Directors, Board as a whole and its Committees.

This evaluation will be based on the responses of individual Directors/Committee Members on the structured questionnaires. The Committee/Board can also engage any external consultant for the purpose of evaluation.

The Board/Committee may evaluate the Directors on following factors, including:

- a) Attendance at Board meetings and Board Committee meetings;
- b) Chairmanship of the Board and Board Committees;
- c) Contribution and deployment of knowledge and expertise at the Board and Committee meetings;
- d) Guidance and support provided to SMP of the Company outside the Board meetings;
- e) Independence of behaviour and judgment; and
- f) Impact and influence.

Further, pursuant to Regulation 17(10) of the SEBI (LODR) Regulations, 2015, the evaluation of the Independent Directors shall be done by the entire Board which shall among other factors, include –

- a) Performance of the Directors;
- b) Fulfilment of the independent criteria as specified in the SEBI (LODR) Regulations, 2015, and their independence from the management.

The Committee shall review the implementation and compliance of the evaluation system followed by the Board.

## 11. Removal

Any Director may be removed from the Board in accordance with the provisions of the Act. The Committee may also recommend, to the Board with reasons recorded in writing, removal of a Director, KMP and SMP subject to the provisions and compliance of the applicable Act, rules and regulations, if any. Any removal of an Executive Director shall be subject to the terms and conditions of his/her appointment.

## 12. Disclosure

This Policy shall also be placed on the website of the Company. Further, as per the provisions of the Act and the SEBI (LODR) Regulations, 2015, as amended from time to time, the necessary disclosures of this Policy shall be given in the Board's Report.

## 13. Deviation from the Policy

The Board may, in individual or collective case, deviate from this Policy, in its absolute discretion, if there are particular reasons to do so. In the event of any departure from the Policy, the Board shall record the reasons for such departure in the Board's minutes.

## 14. Review and amendment of the Policy

The Board shall review the Policy from time to time based on the changing needs and make suitable modifications as may be necessary. The Board can also amend the Policy as and when deemed fit.

***In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.***

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CIN: L72200PN1990PLC059594