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## **Policy on Appointment of Directors, Key Managerial Personnel, Senior Management & Other Employees**

### **Revision History**

| <b>Original date of approval</b> | <b>Amendment</b> | <b>Approver</b>    |
|----------------------------------|------------------|--------------------|
| 6 August 2014                    | 3 August 2016    | Board of Directors |
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## **PART A**

### **Policy on Appointment of Directors**

#### **1. Term of Appointment of Directors**

##### **A. Maximum Tenure of Independent Directors**

- i) An independent director shall hold office for a term up to five consecutive years on the Board of the Company and shall be eligible for reappointment for another term of up to five consecutive years on passing of a special resolution by the Company.

Provided that a person who has already served as an independent director for five years or more in the Company as on 1<sup>st</sup> October, 2014 shall be eligible for appointment, on completion of his present term, for one more term of up to five years only.

Every independent director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, give a declaration that he meets the criteria of independence mentioned in (5) (A) below.

- ii) An independent director who completes his above mentioned term shall be eligible for appointment as independent director in the Company only after the expiration of three years of ceasing to be an independent director in the Company.



**B. Term of Other Directors**

Not less than two-thirds of the total number of directors of the Company shall be persons whose period of office is liable to determination by retirement of directors by rotation and be appointed by the Company in general meeting.

For the purpose of determining directors liable to retire by rotation, “total number of directors” shall not include independent directors on the Board of the Company.

**2. Appointment of Key Managerial Personnel and Persons in Senior Management**

The Committee shall appoint Key Managerial Personnel and persons in Senior Management and shall approve the terms and conditions of their appointment including their remuneration. The Committee shall strive to appoint a person best suited for the job in terms of talent, qualification and experience required for the position.

“Senior management” shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of 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 and the persons identified and designated as key managerial personnel, other than the board of directors, by the listed entity.

**3. Criteria for Determining Qualifications of Directors**

For a person to qualify as a director he shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, human resource, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company’s business.



#### 4. **Positive Attributes**

**a) Integrity**

A director, Key Managerial Personnel and a person in Senior Management shall be a person of integrity and shall uphold highest standards of probity.

**b) Commitment**

A director, Key Managerial Personnel and a person in Senior Management shall devote sufficient time and attention to his professional obligations for informed and balanced decision making.

**c) Compatibility**

A director should be able to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.

#### 5. **Criteria for Determining Independence of Directors**

An independent director shall be a director other than a managing director or a whole-time director or a nominee director,—

(a) who is a person of integrity and possesses relevant expertise and experience;

(b) (i) who is or was not a promoter of the Company or its holding, subsidiary or associate company;

(ii) who is not related to promoters or directors in the Company, its holding, subsidiary or associate company;

(c) who has or had no pecuniary relationship with the Company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;



- (d) none of whose relatives has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- (e) who, neither himself nor any of his relatives—
  - (i) holds or has held the position of a key managerial personnel or is or has been employee of the Company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
  - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
    - (A) a firm of auditors or company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate company; or
    - (B) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;
  - (iii) holds together with his relatives two per cent or more of the total voting power of the Company; or



(iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the Company; or

(f) who possesses the qualifications prescribed in (1) above.

**6. Evaluation of Performance of Independent Directors**

Every independent director shall self evaluate his performance and shall submit a report on his self evaluation to the Chairman of the Company.

The Chairman shall review the performance of the independent director and provide feedback as appropriate.



## **PART B**

### **Remuneration Policy**

#### **1. Objective**

The Nomination and Remuneration Committee of the Board of Directors (“the Committee”) of Accelya Kale Solutions Limited (the “Company” or “AKSL”) has adopted the following policy and procedures with regard to remuneration to the directors, key managerial personnel and other employees of the Company. The Committee may review and amend this policy from time to time.

In determining the remuneration & compensation, the Company shall take into consideration individual performance of the employee and company performance determined through the process of annual appraisals.

The remuneration and compensation policy of the Company aims to attract, retain and motivate employees.

The remuneration to the managing director, key managerial personnel and senior management involves a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

This policy is intended to ensure that all necessary approvals are obtained and all reporting requirements are duly complied with in respect of remuneration of directors and key managerial personnel of the Company.

#### **2. Effective Date**

This Policy is effective from 1 April 2014.



### **3. Remuneration**

#### **A. Independent Directors**

##### **a) Commission**

Independent directors and non-executive non-independent directors of the Company may be paid such remuneration as the Board of Directors may decide from time to time, subject to the approval of the shareholders of the Company. The independent directors and non-executive non-independent directors may be paid remuneration by way of commission subject to the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Companies Act, 2013 ("the Act").

The percentages aforesaid shall be exclusive of any sitting fees payable to independent directors and non-executive non-independent directors for attending meetings of the Board of Directors or of any committee thereof and re-imbursement of out of pocket expenses incurred by the independent directors and non-executive non-independent directors.

##### **b) Re-imbursement of out of pocket expenses**

The Company may reimburse out-of-pocket expenses incurred by the independent directors and non-executive non-independent directors for attending the meetings.

##### **c) Sitting Fees**

The Board of Directors of the Company may decide from time to time, sitting fees payable to independent directors and non-executive non-independent directors for attending meetings of the Board or committees thereof.



The sitting fees shall not exceed rupees one hundred thousand (Rs. 100,000) per independent director and non-executive non-independent director per meeting of the Board or committee thereof.

The independent directors and non-executive non-independent directors shall not participate in the meeting on any discussion relating to the remuneration payable to them.

The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

## **B. Remuneration to Managing Director**

The Managing Director shall be paid remuneration in accordance with industry standards.

Based on the industry standards, the Managing Director of the Company may be paid such remuneration as the Board of Directors may decide, from time to time, on the recommendation of the Nomination & Compensation Committee, subject to the approval of the shareholders of the Company.

The Managing Director may be paid remuneration which shall not exceed five per cent of the net profits of the Company.

Provided that if, in any financial year, the Company has no profits or its profits are inadequate, the Company may pay to its Managing Director, by way of remuneration any sum in accordance with the provisions of Schedule V to the Act and if it is not able to comply with such provisions, it may pay remuneration to the Managing Director after obtaining previous approval of the Central Government.



**C. Remuneration to Key Managerial Personnel and Senior Management**

Remuneration and compensation to key managerial personnel and persons in senior management shall be competitive and in accordance with industry benchmarks.

The remuneration and compensation shall 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.

**D. Remuneration to other employees**

In determining the remuneration and compensation to employees other than those mentioned above, the Company shall take into consideration individual performance of the employee and company performance determined through the process of annual appraisals.

**4. Disclosures**

This policy shall be disclosed in the Board's report.

In addition to the above, the following shall be disclosed in the Board's report:

- i) The ratio of remuneration of each director to the median employee's remuneration.
- ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary, in the financial year;
- iii) The percentage increase in the median remuneration of employees in the financial year;
- iv) The number of permanent employees on the rolls of the Company;



- v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;
- (vi) The key parameters for any variable component of remuneration availed by the directors and;
- (vii) Affirmation that the remuneration is as per the remuneration policy of the Company.

**5. Policy Review/Amendment to the Policy**

- a. The Company reserves the right to amend or modify this Policy in whole or in part, at any point of time with the approval of the Board of Directors.
- c. In the event of any conflict between the provisions of this Policy and of the Regulations and/or or any other applicable law, the provisions of the Regulations and/or any other applicable law, as the case may be, shall prevail over this Policy and shall be adhered to accordingly and this Policy shall not dilute any requirement specified under the Regulations.
- d. Any subsequent amendment(s)/modification(s) in the LODR Regulations or any other applicable law, which makes any of the provision of this Policy inconsistent with such Regulations or other applicable law, then the provisions of the Regulations or any other applicable law shall prevail.

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