

## **NOMINATION AND REMUNERATION POLICY**

**A. INTRODUCTION:** This policy on Nomination and Remuneration of Directors, Key Managerial Personnel (“KMP”), Senior Management Personnel (“SMP”) and other employees has been formulated in terms of the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), as amended from time to time, in order inter-alia to pay equitable remuneration to Directors, KMPs, SMPs and other employees of the Company. This policy shall act as guidelines on matters relating to the remuneration, appointment of the Directors, Key Managerial Personnel and Senior Management Personnel and other employees.

**B. APPLICABILITY:-** The Policy is applicable to :

- Directors (Executive and Non-Executive)
- Key Managerial Personnel
- Senior Management Personnel and other employees

**C. DEFINITIONS:**

In this policy unless the context otherwise requires

- a) “Act” means Companies Act, 2013 and rules made thereunder, as amended from time to time.
- b) “Company” means R Systems International Limited.
- c) “Board” means Board of Directors of R Systems International Limited
- d) “Committee” means Nomination and Remuneration Committee of the Company as constituted by the Board from time to time.
- e) “Key Managerial Personnel” or “KMP” means Managing Director, Whole-time Director, Chief Executive Officer, Chief Financial Officer, Company Secretary and such other persons who may be deemed to be KMP under the Companies Act, 2013.
- f) “Senior Management Personnel” means officers/ personnel of the Company, who are members of its core management team excluding Board of Directors and shall comprise 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 include Company Secretary and Chief Financial Officer.

**D. ROLE OF THE NOMINATION AND REMUNERATION COMMITTEE:**

Nomination and Remuneration Committee shall govern the following:

1. 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, Senior Management Personnel and other employees;

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.
2. formulation of criteria for evaluation of performance of independent directors and the board of directors;
  3. devising a policy on diversity of board of directors;
  4. 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;
  5. 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;
  6. recommend to the board, all remuneration, in whatever form, payable to senior management;
  7. support the Board and Independent Directors in evaluation of the performance of the Board, its committees and individual directors;
  8. To carry any other duties as may be required under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Companies Act, 2013 or as may be delegated by the Board of Directors from time to time.”

## **E. CRITERIA FOR SELECTION OF CANDIDATES FOR MEMBERSHIP ON THE BOARD OF DIRECTORS, KMPs AND SENIOR MANAGEMENT PERSONNEL**

### **a. General Criteria**

A person to be appointed as Director, KMP or Senior Management Personnel should possess adequate qualification, expertise and experience for the position he/ she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/ satisfactory for the concerned position.

Further, person to be appointed/ re-appointed as director should:

- be an individual of the highest integrity and have an inquiring mind, a willingness to go into details and the ability to work well with others;
- be free of any conflict of interest that would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a director;
- be willing and able to devote sufficient time to the affairs of the Company and be diligent in fulfilling the responsibilities of a director;
- have the capacity and desire to represent the best interests of the stakeholders as a whole; and
- not be disqualified under the provisions of the Companies Act, 2013 and applicable rules and regulations.

### **b. Specific Criteria**

In addition to the aforesaid, the Nomination & Remuneration Committee may, if it deems fit, advisable from time to time, develop specific criteria outlining the qualification, skills, experience, expertise, backgrounds, and other characteristics that should be represented on the

Board to enhance its effectiveness. Any such criteria should take into account the particular needs of the Company based on its business, size, ownership, growth objectives, community, customers and other characteristics and should be adjusted as these Company's characteristics evolve.

## **F. REMUNERATION POLICY**

The remuneration policy of the Company reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders and guided by a common reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Act, inter-alia principles pertaining to determining qualifications, positive attributes, integrity and independence etc. Remuneration policy of R Systems is as follows:

### **a. Executive Directors' Remuneration**

1. At the time of appointment or re-appointment, Managing Director and the Executive Directors of the Company i.e. Whole-time Director as defined in the Companies Act, 2013 by whatever name may be called (hereinafter known as Executive Directors) shall be paid such remuneration as may be proposed by Nomination & Remuneration Committee and subsequently approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013.
2. The remuneration shall be subject to the approval of the Members of the Company at its General Meeting, wherever required under the provisions of the Companies Act, 2013 and rules made there under or under the provision of any other laws as may be applicable.
3. The remuneration of the Executive Directors is broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits. The variable component comprises performance bonus and may include:
  - Short-term incentives, based on the achievement of a number of individual, pre-defined financial and strategic business targets recommended by the Committee.
  - Long-term incentives in the form of stock options, promoting a balance between short-term achievements and long-term thinking. The Directors shall be eligible to participate in the stock options only subject to the compliance of the conditions under the provisions of the Companies Act, 2013, Listing Regulations and the other Rules/Regulations as prescribed by the Securities & Exchange Board of India ("SEBI") in this regard.
  - Pension contributions, made in accordance with applicable laws and employment agreements.
  - Severance payments in accordance with termination clauses in employment agreements and subject to the provisions of the Companies Act, 2013 and other applicable laws.
4. In determining the remuneration (including the element as defined in clause 3) the Nomination & Remuneration Committee shall ensure/ consider the following:
  - I. Remuneration shall be evaluated annually against performance, industry benchmarks and current trends.
  - II. Balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals.
  - III. Responsibility required to be shouldered by the Executive Directors, the

industry benchmarks and the current trends.

IV. The Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs/ KPIs.

5. Minimum remuneration to Executive Directors

If, in any financial year, the Company has no profits or its profits are inadequate, the company shall pay remuneration to its Executive Directors in accordance with the provision of the Companies Act, 2013 and rules made thereunder.

**b. Remuneration for Non-Executive Directors**

Non-Executive members of the Board shall be entitled for sitting fees for attending the meetings of the Board or committees thereof. The sitting fee will be fixed by the Board of Directors from time to time in accordance with the provisions of the Companies Act, 2013 and other applicable rules and regulations. Non-Executive directors shall not be entitled to any fixed or monthly salary or other remuneration.

**c. Remuneration policy for the Key Managerial Personnel, Senior Management Personnel and other employees**

The KMP (Except for Managing Director and Whole-time Director), Senior Management Personnel and other employees of the Company shall be paid monthly remuneration as per the Company's HR policies and/ or as may be approved by the Committee.

In determining the remuneration to Key Managerial Personnel, Senior Management Personnel and other employees the following shall be considered:

- I. the relationship of remuneration and performance benchmark is clear;
- II. the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- III. the Company shall follow a compensation mix of fixed component and variable component. Fixed Component comprises salaries, perquisites and retirement benefits and a variable component comprises performance bonus and may include:
  - Short-term incentives, based on the achievement of a number of individual, pre-defined financial and strategic business targets.
  - Long-term incentives in the form of stock options, promoting a balance between short-term achievements and long-term thinking, in accordance to various applicable laws.
  - Pension contributions, made in accordance with applicable laws and employment agreements.
  - Severance payments in accordance with termination clauses in employment agreements. Severance payments shall comply with local legal framework.
- IV. the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs/ KPIs, industry benchmark and current compensation trends in the market. The Benchmark information is obtained from recognized compensation service consultancies, whenever required.