

COVANCE SOFTSOL LIMITED

NOMINATION AND REMUNERATION POLICY

This nomination and remuneration policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 and Regulation 19(4) read with Para A(1) of Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereto.

1. Applicability

The Policy is applicable to:

- a. Directors (Executive and Non-Executive)
- b. Key Managerial Personnel
- c. Senior Management Personnel and other employees

2. 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 **Covance Softsol Limited**.
- c. "Board" means Board of Directors of **Covance Softsol 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 prescribed to be KMP under the Companies Act, 2013.
- f. "SEBI Listing Regulations" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any amendments thereto.
- g. "Senior Management" means 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. Constitution of the Nomination and Remuneration Committee and formulation of Policy

A. The Board has constituted the Nomination and Remuneration Committee (“Committee”) of the Board. The composition of the Committee is in line with the requirements under the Act and SEBI Listing Regulations. This Policy is integral to the functioning of the Committee.

B. While formulating this Policy, the Committee has considered the factors laid down under Section 178(4) of the Act, which are as under:

- a. 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;
- b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c. remuneration to Directors, KMP 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.

The Board has authority to reconstitute this Committee from time to time.

4. Role of the Nomination and Remuneration Committee

The role of the Nomination and Remuneration Committee shall be to:

- a. Formulating criteria for determining qualifications, positive attributes and independence of a director.
- b. Identifying persons who are qualified to become Directors and who may be appointed in Senior Management and as KMP of the Company in accordance with the criteria laid down, recommend to the Board their appointment and removal.
- c. Recommending to the Board a policy, relating to the remuneration of the Directors, Senior Management, KMP and other employees, as may be applicable.
- d. 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 considering candidates from a wide range of backgrounds, having due regard to diversity and time commitments of the candidates.
- e. Formulating criteria for evaluation and manner of effective evaluation of Independent Directors, Board, its committees and every Director’s performance.
- f. Determine whether to extend or continue the term of appointment of the independent director, based on the report of performance evaluation of independent directors.
- g. Devising a policy on Board diversity.
- h. Ensuring 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.

- i. Recommend to the board, all remuneration, in whatever form, payable to senior management.
- j. Carrying out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.
- k. Performing such other functions as may be necessary or appropriate for the performance of its duties.

5. Appointment Criteria and Qualifications

I. Board of Directors

- a. The Committee 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 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 Committee 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.

II. Key Managerial Personnel (KMP) and Senior Management Personnel (SMP)

The Committee 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 Managing Director and/or by the panel decided by the Managing Director.

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

III. 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 Listing Regulations.
- 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.

6. Remuneration

I. Remuneration to Directors and KMP:

- a. 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.
- b. 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 Listing Regulations, for the time being in force.
- c. 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.
- d. 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.
- e. Remuneration to the Executive Directors and KMP
 - i. 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 Listing Regulations, 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.

ii. 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.

iii. 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.

iv. 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.

f. Remuneration to the Directors other than the Executive Director:

i. 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.

ii. 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.

iii. Reimbursement of expenses:

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

g. Provisions for excess remuneration

- i. 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.

II. Remuneration to SMP:

- a. The 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.
- b. 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.
- c. 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.
- d. Remuneration to SMP may consist of the following components:

- i. 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.

- ii. 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.

7. Removal

Due to reasons for any disqualification mentioned in the Act and rules made thereunder or under any other applicable act, rules and regulations, the Committee may recommend to the Board, the removal of a Director, KMP or Senior Management subject to the provisions and compliance of the applicable act, rules and regulations.

In instances where any allegations of misconduct against any Senior Management personnel are substantiated under the Company's Code of Conduct, necessary disciplinary actions may be undertaken as per the recommendations of the disciplinary committee constituted for the purpose and the details of the same will be placed at the subsequent meeting of the Board/Committee.

8. Disclosure

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

9. Review and amendment

In case of any subsequent changes in the provisions of the Act or SEBI Listing regulations which makes any of the provisions in the Policy inconsistent with such provision of the applicable laws, then such provisions of the applicable laws would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with applicable laws. This Policy shall be reviewed by the Committee, as required from time to time. Any changes or modification to the Policy as recommended by the Committee would be placed before the Board for their approval.
