

ADITYA INFOTECH LIMITED

POLICY ON NOMINATION AND REMUNERATION OF DIRECTORS, KMPs AND SENIOR MANAGEMENT

Version 3.0

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POLICY ON NOMINATION AND REMUNERATION OF DIRECTORS, KMPs AND SENIOR MANAGEMENT

PREAMBLE

This Nomination and Remuneration Policy (the “Policy”) has been formulated by Aditya Infotech Limited (“Company”) in compliance with Section 178 of the Companies Act, 2013, read with applicable rules made thereunder (the “Act”) and in compliance of Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) with the focus on harmonizing the aspirations of the human resources consistent with the goals of the Company.

The Board of Directors of Company (“Board”) has approved and adopted this Policy on the recommendation of the Nomination and Remuneration Committee.

DEFINITIONS

- a) “Act” means the Companies Act, 2013, as amended from time to time and the rules framed thereunder.
- b) “Committee” or “NRC” means the Nomination and Remuneration Committee of the Company constituted by the Board of the Company consisting of three or more non- executive directors (with at least two-third independent directors), in compliance with the applicable provisions of the Act and the SEBI Listing Regulations
- c) “Director” means a member of the Board of the Company.
- d) “Employee” means any person who is a permanent employee of the Company.
- e) “Independent Director” means a Director referred to under Section 149(6) of the Act and Regulation 16 of the SEBI Listing Regulations, as amended from time to time.
- f) “Key Managerial Personnel” or “KMP” shall have the meaning ascribed to it under the Act.
- g) “Senior Management Personnel” or “(SMP)” shall have the meaning ascribed to it under the SEBI Listing Regulations. The Company may from time-to-time designate employees as Senior Management Personnel subject to the approval of the Nomination & Remuneration Committee.

Words and expressions not defined in this policy shall have the same meaning as contained in the Act and the SEBI Listing Regulations.

OBJECTIVE

The Key Objectives and the purpose of this Policy are: -

1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.

2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
3. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
4. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
6. To devise a policy on Board diversity
7. To develop a succession plan for the Board and to regularly review the plan;

Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. The committee will determine the appropriate size, diversity and composition of the Board.
3. A person 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.
4. The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
5. The Company shall not appoint or continue the employment of any person as Non- Executive Director who has attained the maximum age of Seventy-Five years. Provided that the term of the person holding this position may be extended beyond the age of Seventy-Five years with the approval of shareholders.

Term / Tenure:

1. Managing Director/Whole-time Director:

On the recommendations of the NRC and the Board of Directors, the Company shall appoint or re-appoint any person as its Managing Director or Whole-time Director for a term not exceeding five

years which may be extended to other terms with the approval of the shareholders, as may be permitted under the applicable laws.

2. Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

3. Non-Executive Non-Independent Director

The Non-Executive Non-Independent Director's office is subject to retirement by rotation and subject to approval of Shareholders at the General Meeting in the manner as specified under the applicable laws.

4. Maximum Number of Directorships of Public Listed Companies.

A person shall not be a director in more than seven public listed companies.

Notwithstanding the above, any person who is serving as a whole-time director / Managing director in any public listed company shall serve as an independent director in not more than three public listed companies.

The above provisions shall be subject to the SEBI Listing Regulations, as may be applicable.

Appointment Criteria and qualification of KMP and SMP (not being a director) and other employees.

1. The Managing Director/ Whole-Time Director shall ensure that the candidate being recommended to the NRC possesses the requisite qualification, expertise and experience for the position he / she is considered for appointment, as per the Company's requirements and applicable laws/policies. The appointment of KMP and SMP shall be approved by the Board on recommendation of the NRC.
2. The NRC shall consider and make a recommendation to the Board for appointment of KMP and SMP. NRC shall have a right to interview the identified candidate.
3. The appointment of other employees shall be made based on the experience, qualifications, and expertise of the individual as well as the roles and responsibilities required for the position.

Remuneration for the Whole-time Director, KMP and Senior Management Personnel:

General

1. The remuneration (including fixed and/or variable components viz. commission, profit linked incentive plans etc.) to the Whole-time Director, KMP and Senior Management Personnel 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 shareholders of the Company and Central Government, wherever required.

2. The remuneration and commission to be paid to the 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 provisions of the Companies Act, 2013, and the rules made thereunder.
3. Increments to the existing remuneration / compensation structure shall be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.
4. Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees 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.

Remuneration Structure

As per the provisions of Section 197 of the Act read with the rules made thereunder, the remuneration of Executive Directors shall be approved by the shareholders based on the recommendation of the Board and the Committee. 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 provisions of Schedule V of the Act.

The remuneration payable to Whole-time Director, KMP and Senior Management Personnel may consist of the following components which shall be reviewed by the Committee and / or Board based on their performance.

1. Fixed pay:

The Whole-time Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

2. Variable salary/ Performance Linked Incentives

A relevant part of remuneration is payable as variable salary linked to Company's revenue, fulfilment of quantitative and or qualitative targets or the attainment of certain financial or other objectives set in this regard.

3. Stock Options

Stock options can be granted in accordance with applicable laws.

4. Any other component/benefits as may be recommended and approved by the NRC as per applicable provisions of the law and/or policies of the Company.

Remuneration to Non- Executive / Independent Director:

1. Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder.

2. Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

3. Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013. IV. In the event of absence or inadequacy of profits, subject to the approval of the shareholders of the Company and on the recommendation of the Committee, the Company shall pay remuneration to its Non-Executive including Independent Directors in accordance with the provisions of Schedule V of the Act.

4. Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

Evaluation:

The Committee shall specify the manner for effective evaluation of performance of the Board, its Committees, individual Directors and Chairman of the Board to be carried out either by the Board, by the Committee or by an independent external agency and review its implementation and compliance as per applicable provisions of the Act and SEBI Listing Regulations.

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, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

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 Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

Limitation

In the event of any conflict between the provisions of this Policy and the Act, rules made there under, the SEBI Listing Regulations or any other statutory enactments or rules as maybe applicable, the provisions of Act, rules made there under, the SEBI Listing Regulations or any other statutory enactments or rules shall prevail over this Policy and the part(s) so repugnant shall be deemed to be severed from the Policy and the rest of the Policy shall remain in force.

Disclosure of this Policy by the Company

This Policy shall be placed on the website of the Company and the salient features of the Policy and changes therein, if any, along with the web address of the Policy shall be disclosed in the Board's Report.

Review and Amendment

1. The Nomination and Remuneration Committee or the Board may review the Policy as and when it deems necessary.
2. This Policy may be amended or substituted by the Nomination and Remuneration Committee or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy. However, no such amendment or modification will be binding on the Directors and employees unless the same is communicated in the manner described as above.