

***INTEGRA
TELECOMMUNICATION
AND
SOFTWARE LIMITED
("The Company")***

***Nomination and Remuneration
Policy***

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1. Objective:

The objective of this Policy is to guide the Board of Directors of the Company on:

- 1.1 Appointment and removal of Directors, Key Managerial Personnel and employees in Senior Management;
- 1.2 Remuneration payable to the Directors, Key Managerial Personnel and employees in Senior Management;
- 1.3 Board Diversity;
- 1.4 Succession plan for Directors, Key Managerial Personnel and employees in Senior Management; and
- 1.5 Evaluation of individual Directors, Chairperson of the Board, the Board as a whole and the Committees of the Board.

2. Regulatory Framework

- 2.1 Section 178 of the Companies Act, 2013 read with the applicable Rules thereto and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (together referred to as "Applicable Laws") require the Nomination and Remuneration Committee of a company ("NRC") to recommend to the Board of Directors a policy, relating to the appointment, removal and remuneration of the directors, key managerial personnel and other employees and to devise a policy on Board diversity.

The Applicable Laws also require NRC to lay down the evaluation criteria for performance evaluation of Board, its committees and individual directors. Further, the Board of Directors is responsible for monitoring and reviewing of the Board Evaluation framework.

The Board of Directors is also required to satisfy itself that plans are in place for orderly succession for appointments to the Board and to senior management.

- 2.2 Accordingly, the Board of Directors of Integra Telecommunication and Software Limited ("the Company") adopted this Policy on Nomination, Removal, Remuneration and Board Diversity ("the Policy") as per the requirements of the applicable laws.

3. Definition:

- 3.1 **"Applicable Laws"** means applicable provisions of the Act and the SEBI Regulations.
- 3.2 **"Board"** means the Board of Directors of the Company.
- 3.3 **"Directors"** mean Directors of the Company.
- 3.4 **"Company" or "ITSL"** means Integra Telecommunication and Software Limited
- 3.5 **"Independent Director"** means a director referred to in Section 149(6) of the Act and under SEBI Regulations.
- 3.6 **"Key Managerial Personnel or KMP"** means
 - i. Chief Executive Officer or the Managing Director or the Manager;
 - ii. Whole-time director;
 - iii. Chief Financial Officer;
 - iv. Company Secretary; and
 - v. such other officer as may be prescribed under the applicable laws or nominated by the Board.
- 3.7 **"Nomination and Remuneration Committee or NRC"** means a Committee of the Board of Directors of the Company constituted under the applicable laws.
- 3.8 **"Policy or this Policy"** means the Policy on Nomination, Removal, Remuneration and Board Diversity.

- 3.9 "Remuneration"** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- 3.10 "SEBI Regulations" "The Regulations"** mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modifications or re-enactments thereof for the time being in force.
- 3.11 "Senior Management Personnel" or "SMP"** mean personnel of the Company who are members of its core management team excluding the Board of Directors and shall comprise all members of management one level below the MD & CEO, and include the Chief Financial Officer and the Company Secretary
- 3.12 "The Act"** means the Companies Act 2013 together with the Rules notified there under, including any statutory modifications or re-enactments thereof for the time being in force.

Any term, word and phrases not defined herein shall have the same meaning as defined in the Companies Act, 2013, Regulations or any other applicable law or regulation to the extent applicable to the Company.

4. Policy

4.1 Appointment and removal of Director, KMP and Senior Management

1) Criteria for qualifications, positive attributes and independence of Directors, KMP & SMP:

- a. The NRC will have the responsibility and authority to decide the essential and desirable skills/competencies/expertise/experience/criteria of independence required from the individuals for the office of Directors, KMP & SMP.
- b. The expertise required from the Directors, KMP and SMP would be defined based on the Company's strategy and needs.
- c. The NRC shall review the criteria for the role and define the role specifications for the appointment.
- d. In case of Directors and KMP, in addition to the above specifications the NRC shall ensure that the candidate possesses the requisite qualifications and attributes as per the Applicable Laws.

2) Identifying candidates who are qualified to become Directors, KMP & SMP:

- a. The NRC shall assign the responsibility of identifying the candidate for a final interview to the following:
 - i. to Chairman of the Board and Chairperson of NRC, in case of selection of Directors; and
 - ii. to the head of respective department or official of human resource department, in case of selection of KMP & SMP.
- b. The NRC shall identify member(s) of the Board who will interview the candidate recommended to the NRC as above.
- c. Upon selection of the candidate, the NRC shall make a recommendation to the Board for appointment of Director/ KMP/SMP. For discharging this duty, if required the NRC may seek inputs from the persons responsible for identifying the candidates.
- d. The appointment of Directors and KMP shall be subject to the compliance of the applicable laws and the Articles of Association of the Company.

3) Term

- a. The term of appointment of Directors shall be governed by the provisions of the applicable laws.
- b. The term of the KMP (other than the MD, CEO) and SMP shall be governed by the prevailing policies of the Company.

4) Letter of Appointment to Independent Directors

The appointment of Independent Directors shall be formalized through a letter of appointment to be issued by the Company in accordance with the applicable Laws.

5) Removal of Director, KMP or SMP

- a. The Removal of Director, KMP or SMP may be warranted due to reasons such as disqualification prescribed under the applicable Laws and / or disciplinary reasons.
- b. In regard to removal of any Director, KMP or SMP, the NRC shall in consultation with the Chairman, for Directors, and with the MD/CEO for KMP and SMP, review the performance and/or other factors meriting a removal and subject to the provisions of the applicable Laws and the Articles of Association of the Company, recommend to the Board its course of action.
- c. The resultant vacancy caused by removal of Director, KMP or SMP may be filled by the NRC in accordance with this Policy and the applicable laws.

6) Retirement of Director, KMP or SMP

- a. The retirement age of Directors shall be as per the applicable laws.
- b. The retirement age of KMP and SMP shall be as per the prevailing policy of the Company subject to the applicable laws.
- c. Subject to the applicable laws, the Board shall have the discretion to retain the Director, KMP, SMP, in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.
- d. The resultant vacancy caused by retirement of Director, KMP or SMP may be filled by the NRC in accordance with this Policy and the applicable laws.

4.2 Familiarization Programme for Independent Directors

- 1) The Company will impart Familiarisation Programmes for Independent Directors inducted on the Board of the Company.
- 2) Familiarisation - immediately upon appointment of Director
 - a. The Familiarisation Programme of the Company will provide information relating to the Company, IT industry, business model of the Company, business processes & policies, geographies in which Company operates, etc. The programme intends to improve awareness of the Independent Directors on their roles, rights, responsibilities towards the Company. Further, the Familiarisation Programme shall also provide information relating to the financial performance of the Company and budget and control process of the Company.
 - b. The Chairman or the MD/CEO or such other officer(s) of the Company, duly authorised by the Chairman shall lead the Familiarisation Programme. The KMPs or SMP may participate in the programme for providing various inputs.
- 3) Annual Familiarisation processes
 - a. Every year, the Independent Directors shall be provided with periodic inputs on the business performance of the Company, through deliberations at the Committee and Board Meetings.
 - b. The Board shall discuss and note the strategic business plans and the annual financial plan through deliberations at Committee and Board Meetings.

4.3 Succession Plan for Directors, KMP and SMP

- a. The NRC shall develop and recommend to the Board a succession plan for the appointments made to the Board and to KMP & SMP.
- b. The NRC shall review such plan on an annual basis and recommend revisions, if any, to the Board.

4.4 Remuneration of Director, KMP and SMP

1) Remuneration to Executive Director(s)

- a. The remuneration payable to Executive Director(s) shall be determined by the NRC and recommended to the Board for approval.
- b. Such remuneration (including revisions thereof) shall be subject to the approval of the shareholders of the Company and/or Central Government, wherever required under the applicable laws and the Articles of Association of the Company.
- c. The remuneration shall be in accordance with and subject to the ceiling limits and other conditions prescribed under the applicable laws and the Articles of Association of the Company.
- d. The remuneration shall comprise a mix of Fixed Remuneration and Variable remuneration in the form of performance incentive. The performance incentive shall be based on the prevailing policy of the Company.
- e. Additionally, the Executive Director(s) may be entitled to Employee Stock Options granted under any Employee Stock Option Plan/Scheme(s), Stock Appreciation Rights granted under any Stock Appreciation Rights Plan/Scheme(s) of the Company and such other long term incentive schemes of the Company.
- f. Annual revisions in the remuneration within the remuneration limits approved by the Board, shareholders/Central Government, shall be based on the prevailing policy of the Company and the same shall be recommended by the NRC to the Board. The Board shall approve such annual increases.

2) Remuneration to Non-Executive Directors (NED)

- a. The remuneration (including revisions thereof) payable to the NED shall be in accordance with and subject to the ceiling limits and other conditions prescribed under the applicable laws; the Articles of Association of the Company and the approval of the shareholders of the Company accorded from time to time.
- b. The NRC shall determine the remuneration to NED including the mode, quantum, recipients of the remuneration and the frequency of payment of such remuneration, and recommend the same to the Board for approval.
- c. The remuneration of NED shall comprise the following:
 - i. Remuneration/Commission; and
 - ii. Sitting fees for attending each meeting of the Board and its Committees.
- d. The remuneration of NED (including revisions thereof) shall be based on certain financial parameters like the performance of the Company, its market capitalization, etc., industry benchmarks, role of the Director and such other relevant factors.
- e. NEDs shall not be entitled to any stock option or stock appreciation rights of the Company.
- f. The NRC shall determine the periodicity at which such remuneration shall be reviewed and revised.

3) Remuneration to KMP & SMP

- a. The NRC shall approve the remuneration policy (**Annexure I** to this Policy) of the Company applicable to KMP and SMP.
- b. For appointments to the office of KMP or SMP, the NRC shall review the remuneration and recommend the same to the Board for its approval.
- c. The NRC shall review the annual revision in the remuneration of KMP and SMP based on the remuneration policy of the Company (as referred to in clause 4.4.3.a above) and recommend such revisions to the Board for its approval.

4) Factors to be considered while determining the remuneration to Directors, KMP and SMP

While determining the remuneration to Directors, KMP and SMP, the NRC shall ensure the following:

- a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and SMP to deliver 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 SMP 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.

4.5 Board Diversity

The Company's Policy on Board Diversity is annexed as **Annexure II** to this Policy.

4.6 Board Evaluation

- 1) The Board is committed to assessing the performance of the Board in order to identify its strengths and areas in which it may improve its functioning. Towards this end, the NRC shall establish the criteria and processes for evaluation of performance of Individual Directors, Chairperson of the Board, the Board as a whole and the Committees of the Board and recommend the same to the Board. The evaluation of the Independent Directors shall also include evaluation of the fulfilment of the independence criteria as specified under the applicable laws and their independence from the Management.
- 2) The Board is responsible for:
 - a. monitoring and reviewing of the Board Evaluation framework;
 - b. carrying out evaluation of the performance of the Board, its Committees and individual directors, wherein the director subject to evaluation shall not participate; and
 - c. evaluating the fulfilment of independence criteria of the Independent Directors as per the applicable laws and review their independence from the management.
- 3) The appointment / re-appointment / continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process.
- 4) Meeting of Independent Directors:
 - a. The Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of Non-independent Directors and members of the management.
 - b. Such meeting shall:
 - i. review the performance of Non-independent Directors and the Board as a whole;
 - ii. review the performance of the Chairperson of the Company, taking into account the views of Executive Director(s) and Non-executive Directors;
 - iii. assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.
 - iv. discuss such other matters as the Independent Directors may deem fit;
 - c. The Independent Directors may call such meeting(s) at any point of time as desired.

5. Disclosure:

Appropriate disclosures as required under the Applicable Laws shall be made by the Company within the prescribed time and manner.

6. General:

- 6.1** The Policy would be subject to revision/amendment in accordance with the Laws. Unless required earlier, the NRC shall review the Policy once in every two years for making suitable amendments for better implementation of the Policy.
- 6.2** The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.
- 6.3** The power to interpret and administer the Policy shall rest with the Chairman of the NRC whose decision shall be final and binding. The Chairman is also empowered to make any supplementary rules/orders to ensure effective implementation of the Policy. These will, however, be reported to or placed before the NRC, from time to time, to ensure the Committee’s oversight on these issues.
- 6.4** In the event of any conflict between the provisions of this Policy and of the Act or SEBI Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over and automatically be applicable to this Policy and the relevant provisions of the Policy would be amended/modified in due course to make it consistent with the law.

7. Effective Date:

This policy will be effective from 01st April, 2019

Annexure I

Remuneration of Key Managerial Personnel and Senior Management Personnel (Clause 4.4.3.a of the Policy on Nomination, Remuneration & Evaluation)

Objective

The objective of this policy is to outline the principles and factors that will determine the remuneration of Key Managerial Personnel ("KMP") and Senior Management Personnel and the role of the Nomination and Remuneration Committee ("NRC") in this regard.

Remuneration Philosophy and Principles

Company believes that remuneration plays a vital role in terms of attracting and retaining talent that is critical for its business success. Remuneration of KMP and Senior Management Personnel will be determined in a manner so that it is competitive, reasonable and sufficient based on Remuneration Philosophy and Principles.

The remuneration structure will have a right mix of guaranteed (fixed) pay, pay for performance and long-term variable pay based on business growth and other factors such as growth in shareholder value to ensure that it is competitive and reasonable.

Remuneration will be based on the following principles:

- a) the intrinsic worth and future potential of the member which ensures value of meritocracy,
- b) the extrinsic worth of the role and desired market competitiveness determined through market benchmarking studies and
- c) value add by the role which should be in line with Company employee cost.

Remuneration Fixation Process

The MD/CEO shall propose the remuneration (including annual revisions) for KMP (except him) & Senior Management Personnel to the NRC for its inputs and review. NRC shall review the remuneration (including annual revisions) of KMP & SMP and recommend the same to the Board for its approval. The remuneration would be determined taking into account the merit of each role holder and industry benchmarks relevant to Company, to attract and retain talent at the right level of remuneration competitiveness and considering the business's ability to support the employee cost. This would be in line with the Company's Policy of Remuneration for its employees.

The NRC would decide and approve the remuneration for KMP & Senior Management Personnel to ensure that it is competitive, reasonable and sufficient to motivate and retain the member.

Policy Approval

The NRC will approve the policy and recommend it to the Board for its approval.

Policy Review

This policy will be reviewed by the NRC once in every two years or earlier if required.

Annexure II
Policy on Board Diversity
(Clause 4.5 of Policy on Nomination, Remuneration & Board Diversity)

The Company believes in and embraces the benefit of having a diverse Board of Directors and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of the differences in the skills, regional and industry experience, background, gender and other distinctions between Directors.

These distinctions would be considered in determining the optimum composition of the Board and when possible, would be balanced appropriately.

At a minimum, the Board of the Company shall consist of at least one-woman Director. All Board appointments are made on merit, in context of the knowledge, skills, experience, independence and integrity which are required to make the Board as a whole effective.

In reviewing the Board composition, the Committee will consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to discharge its duties and responsibilities effectively.

In identifying suitable candidates for appointment for the Board, the committee will consider candidates on merit against objective criteria and due regard for the benefits of diversity on the Board.

As part of the annual performance evaluation of the effectiveness of the Board, Board Committees and individual Directors, the Committee will consider the balance of skills, experience, independence and knowledge of Company on the Board and the diversity representation of the Board, including gender, how the Board works together as a unit, and other factors relevant to its effectiveness.

This policy will be reviewed by the NRC once in every two years or earlier if required.
