

REMUNERATION POLICY OF NON-EXECUTIVE DIRECTORS

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3.0	Corporate Secretarial	Corporate Secretarial	Board of Directors

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1. PURPOSE

This policy aims to set out the approach to make payment of Remuneration to the Non-Executive Directors, including Independent Directors of Firstsource Solutions Limited (“the Company”).

2. OBJECTIVE

The Objective of this Policy is to ensure that

- a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Non-Executive Directors of the quality required to run the Company successfully;
- b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

3. REMUNERATION TO NON-EXECUTIVE DIRECTORS INCLUDING INDEPENDENT DIRECTORS

(A) Remuneration / Commission:

The Non-Executive Directors may be paid remuneration as may be approved by the Board of Directors from time to time. The aggregate amount of such remuneration shall not exceed one percent of the net profits of the Company, except with the approval of shareholders in the general meeting, computed as per the applicable provisions of the Companies Act, 2013 and rules framed thereunder. Such percentage shall be exclusive of any sitting fees payable to Non Executive Directors for attending any meeting of the Board or any Committee thereof.

Such remuneration, if approved by the Board and/ or shareholders in general meeting, may be paid either by way of a monthly payment or at a specified percentage of the net profits of the company or partly by one way and partly by another.

(B) Remuneration for Professional Services rendered by any Director:

The remuneration payable to any Director determined in the manner as mentioned in Clause (A) above, if approved by the Board/ shareholders in general meeting, as the case may be, shall be inclusive of remuneration payable to him for the services rendered by him in any other capacity.

However, the remuneration for services rendered by any such Director in any other capacity shall not be so included if:

- a) The services rendered are of a professional nature; and
- b) In the opinion of the Nomination and Remuneration Committee, the Director possesses the requisite qualifications for the practice of the profession.

(C) Sitting Fees:

The Non- Executive Directors including Independent Directors shall receive remuneration by way of fees for attending meetings of Board or Committee(s) thereof, as may be fixed by the Board from time to time. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013 or rules framed thereunder.

The Board of Directors, at its meeting held on August 1, 2014 had decided sitting fees of Rs. 100,000 to be paid for attending each meeting of the Board and Rs. 50,000 for attending each meeting of a Committee of the Board of which the Director is member, payable to all the Non Executive Directors of the Company.

(D) Reimbursement of Expenses:

Beside the sitting fees, Non-Executive Directors are also entitled for reimbursement of travel, hotel and other incidental expenses incurred by them in the performance of their roles and duties.

(E) Stock Options:

Pursuant to the Provisions of the Companies Act, 2013, an Independent Director of the Company shall not be entitled to any stock option of the Company. However, this will have no effect on the vesting and exercise of stock options already granted before the coming into force of this provision and the same shall continue to vest as per the vesting schedule determined at the time of the grant and as mentioned in the Company's Employees Stock Option Policy of the Company.

(F) Refund of Excess Remuneration paid to any Director:

If any Director draws or receives directly or indirectly, any remuneration in excess of the limits prescribed under the Companies Act, 2013 without prior consent of Central Government, where required, he shall refund to the Company, such excess remuneration and until he refunds such sum, he shall hold it in trust for the Company.

The Company shall not waive the recovery of such sum refundable, unless permitted by the Central Government.

(G) Premium on Insurance Taken by the Company:

The premium paid on the Insurance taken by the Company for indemnifying the Directors against any liability in respect of breach of trust for any negligence, default, misfeasance, breach of duty or breach of trust for which they may be found guilty in relation to the Company, shall not be treated as part of remuneration payable to any such Director.

However, if such Director is proved guilty, the premium paid on such insurance shall be treated as part of remuneration.

4. DISCLOSURES

The Company shall disclose in the Board's Report, this Policy and the ratio of the remuneration of each Director to the median employee's remuneration and such other details as may be prescribed under the relevant provisions of the Companies Act, 2013 or as may be mentioned under the Listing Agreement with Stock Exchanges.

5. REVIEW OF THIS POLICY

The Committee will review this Policy, as appropriate, to ensure the effectiveness of this Policy. The Committee will discuss any revisions that are or may be required, and recommend any such revisions to the Board for their consideration and approval.