

Performance Management System (PMS) Policy

1. Objective

The purpose of this Performance Management System (PMS) Policy is to provide a structured framework for setting goals, evaluating performance, providing continuous feedback, identifying development needs, and rewarding employees. This framework aligns individual and team contributions with the organization's overall vision, mission, and business objectives.

2. Scope

This policy applies to all full-time employees of the Company across all departments and functions, unless otherwise specified in their employment terms.

3. Objectives of PMS

- Align individual, departmental, and organizational goals.
- Drive accountability, ownership, and measurable outcomes.
- Identify and recognize high performers.
- Provide structured feedback for continuous improvement and development.
- Support decisions related to increments, promotions, and succession planning.
- Encourage learning, innovation, and professional growth.

4. Performance Cycle

- 1) The PMS will follow the Company's financial year (April – March) unless revised by Management.
- 2) All employees, across both **Delivery (Tech)** and **Support (HR, Marketing, Admin, IT, Finance)** functions, will follow the below review cycle.
 - **Quarterly Review** – Goal setting, progress check, and feedback every 3 months.
 - **Half-Yearly Review (October)** – Mid-cycle evaluation and course correction.
 - **Annual Review (March)** – Final evaluation for the year.

5. Performance Evaluation Methodology

➤ Goal Setting & Weightage:

- Business/Project Goals – 60%
- Functional/Behavioral Competencies – 20%
- Innovation/Initiatives/Collaboration – 20%

➤ Rating Scale: 5-point rating system:

- 1 – Unsatisfactory
- 2 – Needs Improvement
- 3 – Meets Expectations
- 4 – Exceeds Expectations
- 5 - Outstanding

➤ **Evaluation Sources:**

- Manager's Assessment
- Self-Appraisal
- Peer/Project Lead Feedback (where applicable)
- Client Feedback (for Delivery employees where applicable)

6. Linkage to Rewards & Consequences:

- **Salary Increments & Variable Pay:** Linked to performance ratings and organizational affordability.
- **Promotions:** Based on consistent performance (minimum 2 cycles rated 4 or above), role-readiness, and business requirements.
- **Performance Improvement Plans (PIP):** Employees rated as "Needs Improvement" or "Unsatisfactory" will be placed on a structured PIP with defined timelines and support

7. Roles & Responsibilities:

- **Employees:** Set goals, seek feedback, and take ownership of performance and development.
- **Managers:** Provide clarity, guidance, coaching, and fair evaluations.
- **HR Department:** Facilitate the PMS process, provide tools and training, ensure compliance and transparency.
- **Management:** Review outcomes, approve increments/promotions, and ensure business alignment.

8. Confidentiality & Transparency:

- Performance data will remain confidential and accessible only to relevant stakeholders.
- Employees have the right to seek clarification on their evaluations.

9. Grievance & Appeal:

Employees who disagree with their appraisal outcome may appeal in writing to HR within 7 working days of feedback. HR and Management will jointly review and share a final decision, which will be binding.

10. Policy Review & Amendments:

This policy will be reviewed annually by HR and Management to ensure continued relevance. The Company reserves the right to amend the policy as required.

❖ **Performance Rating Framework & Application Guidelines**

1. Rating Scale & Definitions:

Rating	Category	Definition
5	Outstanding	Consistently exceeds all goals; demonstrates exceptional contributions and leadership.
4	Exceeds Expectations	Exceeds most goals; delivers high-quality output with minimal supervision.
3	Meets Expectations	Achieves all key goals as expected; reliable and consistent.
2	Needs Improvement	Achieves some goals; performance inconsistent; requires development & guidance.
1	Unsatisfactory	Consistently below expectations, fails to deliver on agreed goals.

2. Guidelines for Application:

- **Budget Allocation:** HR & Management will decide an annual increment budget pool (e.g., 8–10% of overall payroll) and distribute based on performance ratings.
- **Bell Curve / Normalization (if applicable):** To maintain fairness, organizations may cap the % of employees in each rating bracket (e.g., 15% in Outstanding, 25% in Exceeds, 50% in Meets, 10% in Needs Improvement/Unsatisfactory).
- **Variable Pay:** Paid annually or quarterly, linked to both individual and company performance.
- **Promotion:** Only employees rated 4 or 5 consistently (for at least 2 cycles) will be considered, unless business-critical.